

port News, Va., protesting the tax on toilet goods and cosmetics; to the Committee on Ways and Means.

9658. Also, petition of Old Dominion Post, American Legion, of Norfolk, Va., protesting the proposed reduction in the Marine Corps; to the Committee on Naval Affairs.

9659. By Mr. LINDSAY: Petition of Vincent G. Litcher, Brooklyn, N. Y., opposing cut in appropriations for citizens' military training camps; to the Committee on Appropriations.

9660. Also, petition of Legislature of the State of New York, favoring proposals introduced by Senator WAGNER in the United States Senate, providing for seven significant changes in the relief law now being administered by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9661. Also, petition of the National Committee on Education by Radio, Washington, D. C., opposing House bill 7716, a proposed amendment to the radio act of 1927; to the Committee on Merchant Marine, Radio, and Fisheries.

9662. By Mr. LONERGAN: Petition of Fleet Reserve Association of Bridgeport, Conn.; to the Committee on Ways and Means.

9663. Also, petition of Woman's Home Missionary Society of Kensington, Conn.; to the Committee on Interstate and Foreign Commerce.

9664. By Mr. MILLARD: Petition presented at the request of the members of the Nyack, N. Y., branch of the Woman's Christian Temperance Union; to the Committee on the Judiciary.

9665. By Mr. MURPHY: Petition by 23 citizens of Rogers, Ohio, and vicinity, urging opposition to any measure seeking to nullify the Constitution by legalizing beer, an intoxicating beverage; to the Committee on the Judiciary.

9666. By Mr. O'CONNOR: Resolution of the Legislature of the State of New York, urging enacting of Wagner bill to liberalize loans to States by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9667. By Mr. ROBINSON: Letter urging support of and appropriations for national defense, signed by Lieut. Edward J. Brucher, Waterloo, Iowa, president department of Iowa Reserve Officers' Association of the United States; to the Committee on Appropriations.

9668. By Mr. RUDD: Memorial of the Legislature of the State of New York, favoring the proposals introduced by Senator ROBERT F. WAGNER in the Senate of the United States, providing for seven significant changes in the relief law, now being administered by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9669. Also, petition of the National Committee on Education by Radio, with reference to the proposed amendment to the radio act of 1927, as contained in House bill 7716; to the Committee on Merchant Marine, Fisheries, and Radio.

9670. By Mr. SHREVE: Petition of Ethel Lowman and 26 other resident voters of Conneautville, Pa., urging the passage of the stop-alien amendment to the Constitution of the United States; to the Committee on the Judiciary.

9671. Also, protest filed by V. B. Eiler, H. H. Benedict, Jos. W. Grey, George B. Bauer, Louis Gould, W. C. Jones, A. H. Anderson, Warren A. Love, H. E. Whitford, Clarence W. Johnson, Victor O. Reed, R. T. Johnstone, R. C. Hollis, and Wm. N. Bennett, all veterans of the World War who saw active service, protesting against the elimination of the Citizens Military Training Camp and Reserve Officers Training Corps training camps; to the Committee on Appropriations.

9672. Also, petition of West Green Grange, No. 1296, Erie County, Pa., protesting against further foreclosures of farm mortgages, and asking that legislation be passed reducing interest rates on mortgages to 3½ or 4 per cent; to the Committee on Banking and Currency.

9673. By Mr. STEWART: Resolution of Linden, N. J., Chamber of Commerce, urging reduction of \$400,000,000 in expenditures now being made to veterans; to the Committee on World War Veterans Legislation.

SENATE

THURSDAY, JANUARY 19, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

The VICE PRESIDENT. The Senator from Wisconsin [Mr. BLAINE] has the floor.

Mr. FESS. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Wisconsin yield for that purpose?

Mr. BLAINE. I do.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Sheppard
Austin	Davis	La Follette	Shipstead
Bailey	Dickinson	Lewis	Shortridge
Bankhead	Fess	Logan	Smith
Barbour	Fletcher	Long	Smoot
Bingham	Frazier	McGill	Stelwer
Black	George	McKellar	Stephens
Blaine	Glass	Metcalf	Swanson
Borah	Glenn	Moses	Thomas, Idaho
Bratton	Goldsborough	Neely	Thomas, Okla.
Brookhart	Gore	Norbeck	Townsend
Broussard	Grammer	Norris	Trammell
Bulkley	Harrison	Nye	Tydings
Bulow	Hastings	Oddie	Vandenberg
Byrnes	Hatfield	Patterson	Wagner
Capper	Hawes	Pittman	Walcott
Caraway	Hayden	Reed	Walsh, Mass.
Connally	Howell	Reynolds	Walsh, Mont.
Coolidge	Hull	Robinson, Ark.	Watson
Copeland	Johnson	Robinson, Ind.	Wheeler
Costigan	Kean	Russell	White
Couzens	Kendrick	Schall	
Cutting	Keyes	Schuyler	

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 559) to exempt from the tax on admissions amounts paid for admission tickets sold by authority of the committee on inaugural ceremonies on the occasion of the inauguration of the President elect in March, 1933, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 4095) to amend an act entitled "An act to punish the unlawful breaking of seals of railroad cars containing interstate or foreign shipments, the unlawful entering of such cars, the stealing of freight and express packages or baggage or articles in process of transportation in interstate shipment, and the felonious asportation of such freight or express packages or baggage or articles therefrom into another district of the United States, and the felonious possession or reception of the same," approved February 13, 1913, as amended (U. S. C., title 18, secs. 409-411), by extending its provisions to provide for the punishment of stealing or otherwise unlawful taking of property from passenger cars, sleeping cars, or dining cars, or from passengers on such cars, while such cars are parts of interstate trains, and authorizing prosecution therefor in any district in which the defendant may have taken or been in possession of the property stolen or otherwise unlawfully taken, and it was subsequently signed by the President pro tempore.

FOREIGN DEBTS

Mr. ROBINSON of Indiana. Mr. President, I desire to announce that to-morrow, as soon as the Senate convenes or as soon thereafter as I can obtain the floor, I expect to address the Senate briefly on the subject of foreign debts in general and the Johnson bill in particular, which undertakes to prohibit the sale of securities of defaulting nations in this country.

FINAL ASCERTAINMENT OF ELECTORS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting, pursuant to law, copy of the certificate of the Governor of Tennessee of the final ascertainment of electors for President and Vice President in the State of Tennessee at the election of November 8, 1932, which was ordered to lie on the table.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Senate of the State of Nebraska, which was referred to the Committee on Finance, as follows:

Resolution respecting bimetallic currency

Whereas there is pending in the Congress of the United States a bill to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, and to provide for the free coinage of silver, and for other purposes; and

Whereas it is the sense of this State that the needs of the citizens of Nebraska and of the United States will be best served under present economic conditions by some sound system of inflating the currency: Now, therefore, be it

Resolved by the Senate of the State of Nebraska in forty-ninth regular session assembled, That we hereby memorialize and petition the United States House of Representatives and the United States Senate to consider favorably the Wheeler bill (S. 2487) now referred to and in the hands of the Committee on Finance of the United States Senate, to the end that relief may be afforded to those States of the Union in which silver is mined in order that price of silver may be normally stabilized; that the aspects of the silver question be dealt with in so far as legislation is concerned as a necessary commodity as well as a monetary problem.

2. That certified copies of this resolution be sent to the Vice President of the United States, the Speaker of the House of Representatives, and each of the United States Senators and Representatives from Nebraska.

Introduced January 12.

Adopted January 13.

The VICE PRESIDENT also laid before the Senate a concurrent resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Agriculture and Forestry, as follows:

STATE OF MINNESOTA,
DEPARTMENT OF STATE,
January 16, 1933.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original instrument in my office of Resolution 3, re: farmers' farm relief act, commonly called the Frazier bill, as passed by the 1933 session of the Minnesota Legislature, and that said copy is a true and correct transcript of said instrument and of the whole thereof.

In testimony whereof, I have hereunto set my hand and affixed the great seal of the State, at the capitol, in St. Paul, this 16th day of January, A. D. 1933.

[SEAL.]

MIKE HOLM, Secretary of State.

A concurrent resolution memorializing the President of the United States and the Congress of the United States that it is the sense of the members of the Minnesota Legislature that the Government of the United States should perform its solemn promise and duty and place American agriculture on the basis of equality with other industries by providing an adequate system of credit, and that adequate legislation to that end should be adopted at the earliest possible date.

Whereas the farmers throughout the entire United States have lost and are losing their lands and chattels through inability to refinance loans on their property because of high interest rates and low prices of agricultural commodities; and

Whereas agriculture is the basic industry of this country and there can be no sound business prosperity unless the business of agriculture is placed on a sound basis and on an equal basis with other industries; and

Whereas a bill has been introduced in the Senate of the United States, known as the farmers' farm relief act, commonly called the Frazier bill, and

A bill to liquidate and refinance agricultural indebtedness, and to encourage and promote agriculture, commerce and industry, by establishing an efficient credit system, through which the unjust and unequal burdens placed upon agriculture, during the period of price fixing and deflation, may be lightened by pro-

viding for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm loan system, the Federal reserve banking system, and the postal savings depository system, and creating a board of agriculture to supervise the same; and

Whereas this bill is a sound economic measure designed to remedy the inequalities under which agriculture is now laboring: Now, therefore, be it

Resolved, by the House of Representatives of the State of Minnesota (the Senate concurring), That the Congress of the United States be and it is hereby urgently petitioned to enact the said bill into law, and that the President of the United States be urged to approve said measure after its passage; be it further

Resolved, That the Minnesota Members of the United States Senate and the Representatives in Congress from the State of Minnesota be and they are hereby petitioned and most earnestly urged to use their best efforts to bring about a speedy enactment of said legislation; be it further

Resolved, That a duly authenticated copy of this resolution be presented to the President of the United States, to the presiding officers of the Senate and of the House of Representatives of the Congress of the United States, and to each of the Senators and Representatives from the State of Minnesota in the Congress of the United States.

CHAS. MUNN,

Speaker of the House of Representatives.

K. K. SOLBERG,

President of the Senate.

Passed the house of representatives the 9th day of January, 1933.

FRANK T. STARKEY,

Chief Clerk, House of Representatives.

Passed the senate the 11th day of January, 1933.

G. H. SPAETH,

Secretary of the Senate.

Approved January 14, 1933.

FLOYD B. OLSON,

Governor of the State of Minnesota.

Filed January 16, 1933.

MIKE HOLM,

Secretary of State.

The VICE PRESIDENT also laid before the Senate a resolution of the Legislature of the State of North Dakota, which was referred to the Committee on Agriculture and Forestry, as follows:

Memorial to the members of State legislatures urging State legislatures to memorialize Congress to pass Senate bill 1197, known as the Frazier bill

Senate Resolution No. A-1 (introduced by Senator Fine and Senator Greene)

Be it resolved by the Senate of the State of North Dakota (the House of Representatives concurring), That—

Whereas a crisis exists and hundreds of thousands of once prosperous farmers in this Nation have already lost their homes and their all by mortgage foreclosures because of the fact that the price of agricultural products has for years been below the cost of production, a condition that affects all of the people of this Nation, and is largely responsible for the continuance of the depression; and

Whereas there is no adequate way of refinancing existing agricultural indebtedness and the farmers are at the mercy of their mortgagees and creditors; and

Whereas unless immediate relief is given thousands and hundreds of thousands of additional farmers will lose their farms and their homes and millions more will be forced into our cities and villages and the army of unemployed will necessarily increase to alarming proportions, precipitating a condition that threatens the very life of this Nation; and

Whereas the State Legislatures of Montana, North Dakota, Minnesota, Wisconsin, and Illinois have each and all memorialized Congress to pass Senate bill No. 1197, known as the Frazier bill, without delay, which bill provides that existing farm indebtedness shall be refinanced by the Government of the United States at 1½ per cent interest and 1½ per cent principal on the amortization plan, not by issuing bonds, and plunging the Nation further into debt, but by issuing Federal reserve notes, the same as the Government now does for the banks through the Federal reserve bank: Now, therefore

The Legislative Assembly of the State of North Dakota respectfully requests and petitions the legislatures of the other States that have not already done so to memorialize Congress to pass Senate bill 1197 without delay in order that the agricultural indebtedness of this Nation may be speedily liquidated and refinanced and agriculture saved from utter ruin and destruction and this depression brought to an intelligent and speedy end, and respectfully requests that the State legislatures cause copies of such memorial, after same has been passed, to be sent to the President of the United States, to the President of the Senate and the Speaker of the House, to Senator FRAZIER, at Washington, D. C., and to WILLIAM LEMKE, Congressman elect, at Fargo, N. Dak.; be it further

Resolved, That the secretary of state cause sufficient copies of this resolution to be printed and that he cause to be mailed a

copy to the president of the senate and the speaker of the house of each of the 43 States that have not as yet memorialized Congress to pass Senate bill 1197, requesting that said resolution be read before each of said bodies.

OLE H. OLSON,
President of the Senate.
SIDNEY A. PAPKE,
Secretary of the Senate.
MINNIE D. CRAIG,
Speaker of the House.
JAMES P. CURRAN,
Chief Clerk of the House.

[SEAL.]

The VICE PRESIDENT also laid before the Senate a resolution adopted by the council of the city of Chicago, Ill., opposing the transfer of river and harbor work from the jurisdiction of the Secretary of War, under the Corps of Engineers of the Army, to another department, which was referred to the Committee on Appropriations.

He also laid before the Senate a communication from C. C. McCarty, of Pueblo, Colo., addressed to the Senate and House of Representatives, making certain suggestions relative to economic conditions, banking, the eighteenth amendment, the Philippines, the Navy, foreign relations, etc., which was ordered to lie on the table.

Mr. KEAN presented letters and telegrams in the nature of memorials from sundry banks in the State of New Jersey remonstrating against the practice of giving publicity to loans made by the Reconstruction Finance Corporation, which were referred to the Committee on Banking and Currency.

Mr. KING presented a memorial of sundry citizens of the States of Utah, Nevada, and Wyoming, remonstrating against the existing tax upon toilet goods and cosmetics, which was referred to the Committee on Finance.

Mr. BLAINE presented memorials of sundry citizens of Marshfield, Wis., remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were referred to the Committee on the Judiciary.

Mr. GOLDSBOROUGH presented resolutions adopted by the Cumberland (Md.) preachers' meeting, representing the Methodist Episcopal Churches of western Maryland and the Keyser-Piedmont districts of West Virginia, protesting against the passage of House bill 13312, legalizing the manufacture and sale of beer and other fermented liquors, etc., which were ordered to lie on the table.

He also presented a resolution adopted by Westport Post, No. 33, the American Legion, of Baltimore, Md., opposing any reduction or cancellation of veterans' benefits or the injection of a pauper clause in any law governing such benefits to World War veterans, which was referred to the Committee on Finance.

Mr. TYDINGS presented the petition of the Parent-Teacher Association, Takoma-Silver Spring High School, Takoma Park, Md., praying for the passage of legislation to regulate the motion-picture industry, which was ordered to lie on the table.

He also presented a resolution adopted by Westport Post, No. 33, the American Legion, of Baltimore, Md., opposing any reduction or cancellation of veterans' benefits or the injection of a pauper clause in any law governing benefits to World War veterans, which was referred to the Committee on Finance.

Mr. CAPPER presented petitions numerous signed of sundry citizens of Columbus and Kansas City, and of Douglas, Franklin, and Greenwood Counties, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented resolutions adopted by the Woman's Christian Temperance Union of Hoisington, the Woman's Christian Temperance Union of McLouth, and the congregation of the First Methodist Episcopal Church of Wathena, all in the State of Kansas, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. ROBINSON of Arkansas presented a letter from T. J. Spellacy, Esq., of Hartford, Conn., in relation to the tax on lubricating oil, which was referred to the Committee on Finance.

He also presented a letter from B. G. Pasco, of Zenoria, La., relative to the restoration of price levels and a sound currency, which was referred to the Committee on Banking and Currency.

He also presented a telegram from A. C. Cobb, president of the Helena (Ark.) Cotton Exchange, in relation to cotton and the domestic allotment plan, which was referred to the Committee on Agriculture and Forestry.

He also presented a letter from the manager of the Regional Agricultural Credit Corporation, of St. Louis, Mo., in relation to farm relief, especially as to farm-mortgage indebtedness, which was referred to the Committee on Agriculture and Forestry.

Mr. COPELAND presented memorials of sundry citizens of Beaver Dams, Catlin, Horseheads, and Owego, all in the State of New York, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were referred to the Committee on the Judiciary.

He also presented memorials of the Woman's Christian Temperance Union and sundry citizens of Pulaski, N. Y., remonstrating against the passage of legislation to legalize liquors with a stronger alcoholic content than one-half of 1 per cent, which were referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens (letter carriers) of Endicott, N. Y., remonstrating against the continuance of the economy act or further salary reductions, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Schenectady (N. Y.) Chamber of Commerce, protesting against participation by the Government in any part of the expense of the construction of the proposed Great Lakes-St. Lawrence waterway project, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Washington Democratic Club, of Fort Hamilton, Brooklyn, N. Y., indorsing the "Buy American" movement, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the Thirty-second Annual Convention of the New York State Association of Chiefs of Police, held at Utica, N. Y., favoring the passage of legislation providing for the taking of foot and finger prints of infants and children for identification purposes, which was referred to the Committee on the Judiciary.

Mr. GRAMMER presented resolutions adopted by the Tacoma (Wash.) Chamber of Commerce, favoring the passage of legislation to equalize the depreciation of foreign currencies, etc., which were referred to the Committee on Finance.

Mr. WAGNER presented a concurrent resolution of the Legislature of the State of New York, favoring the passage of the so-called Wagner bill, providing unemployment relief through the Reconstruction Finance Corporation, etc., which was referred to the Committee on Banking and Currency.

(See concurrent resolution when laid before the Senate by the Vice President on the 18th instant, and printed in full, p. 2027, CONGRESSIONAL RECORD.)

GREAT LAKES-ST. LAWRENCE WATERWAY PROJECT

Mr. WAGNER presented resolutions adopted by the Schenectady (N. Y.) Chamber of Commerce, which were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

SCHENECTADY, N. Y., January 14, 1933.

HON. ROBERT F. WAGNER,
Senate Chamber, Washington, D. C.

DEAR SIR:

Resolved, That the Schenectady Chamber of Commerce is opposed to participation by the United States Government in any part of the expense of the construction of the proposed Great Lakes-St. Lawrence waterway project. Some of the outstanding reasons for this opposition are as follows:

1. The United States' share of the cost is grossly out of proportion to its share in potential and actual benefits expected to be derived from the project.

2. That all estimated earnings so far submitted appear to be insufficient to meet the operating charges of the project; no revenue, therefore, being available for interest and amortization on initial cost.

3. That the waterway, if built, will not be used by ocean-going vessels to the extent and manner anticipated by its proponents, as experience in water transportation plainly demonstrates that long channels, restricted in width and depth, are not used to any appreciable extent by ocean-going vessels.

4. That the project as a water transportation facility will have a limited season of usefulness, as it would be closed to navigation for over five months of each year.

5. That the construction of this waterway would be most detrimental to New York State, the citizens of which would have to contribute an unjustly large share of its cost in proportionate taxation, and in that it would detract from the useful service now performed by the New York State Barge Canal, in which over \$200,000,000 has been invested; and would transfer to a foreign port much of the business originating in the United States and now rightfully and economically handled at the ports of Albany and New York.

6. That the hydroelectric energy to be incidentally produced therewith is not necessary for and could not be marketed profitably in the area of the United States which could be served, and in any event, rightfully belongs to the State of New York.

7. That the hydroelectric energy derived as a by-product of the project could be used in the United States territory only in direct competition with private development now serving this area, which would mean a serious and unwarranted curtailment of private enterprise by the Government.

8. That the funds of the United States Government should not be invested in an inland waterway lying largely outside the boundary of the United States, as in the event of the United States being involved in war it would not be permitted to use this waterway at a time when transportation facilities would be most needed; and finally

9. That the construction of this waterway in the manner proposed by the treaty would be an unjust and wasteful use of the public funds of the United States, particularly inexcusable in the present period of financial distress; and be it further

Resolved, That the president and managing director of the Schenectady Chamber of Commerce is authorized and directed to send copies of this resolution to the President elect of the United States and the Senators and Representatives of New York State.

SCHENECTADY CHAMBER OF COMMERCE,
MALCOLM J. WILSON, Manager.

AGRICULTURAL RELIEF

Mr. GRAMMER. Mr. President, I ask unanimous consent to have printed in the RECORD, and appropriately referred, an article by Mr. H. B. Creel, of Seattle, Wash., on the subject of a cure for farm ills. I understand that Mr. Creel's grasp of the economic phases of agriculture is so complete and understanding, his analyses and recommendations are entitled to more than passing consideration.

There being no objection, the article was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

CURE FOR FARM ILLS REALLY VERY SIMPLE By H. B. Creel

[EDITOR'S NOTE.—Plight of agriculture is a focal point of economic dislocation in United States. Around it revolve a considerable part of the current misconceptions, relief lunacies, and witchcraft cures. Farmer and businessman, banker and student of economic trends will find in this analytical article by Pacific Northwest's foremost agricultural economist much to clarify a situation which affects all of us. Business Chronicle readers will have the benefit of Mr. Creel's clear thinking quite often during 1933.]

It is time for somebody to take a sane view of our wheat situation.

Abnormal demand due to the World War not only diverted much acreage from other crops but caused the plowing up of some 18,000,000 acres of new land in the United States to be sown in wheat. Other countries made a similar expansion.

Wheat acreage in United States, 1909 to 1929, increased by 17,202,000 acres; wheat acreage in Europe and Russia, 1926 to 1932, increased by 58,626,000 acres.

The four wheat-exporting nations—United States, Canada, Argentina, and Australia—will have—

	Bushels
For export this year.....	1,300,000,000
Market needs.....	700,000,000
Surplus.....	600,000,000
United States will have on hand July 1.....	400,000,000
1933 crop to be added, probably.....	800,000,000
	1,200,000,000

	Bushels
United States production, 1931.....	892,271,000
Net exports, 1931.....	112,427,000
Left at home.....	779,844,000

Italy, France, and Germany are now self-sustaining in wheat. Formerly heavy buyers.

Price of wheat at Colfax, Wash., December 30, 1932, was 22 cents for No. 1 white.

Financial journals December 21 announced that United States prices are 10 cents above world level.

Do not these figures effectively demonstrate that the day is past for us to maintain the production of wheat for export? If there is one single mathematical fact in the political uncertainty beyond dispute, it is that the continued use of Federal funds for that purpose is criminal waste.

Farm Board.....	\$500,000,000
Seed loans.....	121,000,000
Proposed allotment plan.....	180,000,000

Of the seed loans, \$35,000,000 have been repaid, but the crops brought less than cost; so that the money might have been better expended in paying the farmers to remain idle.

For this condition the farmer is not alone to blame. During and after the war he was urged to produce more and more. The Grain Corporation handled his wheat and made a profit of \$58,000,000 which was turned into the United States Treasury, though the increased cost left the grower little profit. Bankers would give credit to the wheat grower ahead of any other farmer. The Federal appropriations were all adapted for one single result, to encourage continued production; hence, only aggravating the trouble instead of curing it.

In 1890 the Farmers' Alliance advocated reduction of wheat production. In 1933, upward of a half century later, the same doctrine is preached and, contrariwise, more wheat produced.

The only purpose of this article is to point out the folly of continuing to produce more wheat than we need for home consumption; but it will be met with the demand for a remedy. Having pointed out that every bushel of wheat is either taking money out of the farmer's pocket or increasing his indebtedness, that should be sufficient; but since the present mental condition of the whole American people favors smoke screens rather than landmarks, and discards economic planets to chase comets or rainbows, it must be carried to a practical conclusion.

To the question, "What can we do but raise wheat?" the first answer is, In raising wheat under present conditions you are only paying for the privilege of working for nothing and boarding yourself and help.

"But we can not quit wheat!" That's what the former generation said about raising horses and several other things. We can quit any business when it has lost enough to call in the sheriff. Nevertheless, the farm home is the essential foundation of our national existence and must be preserved at any cost. If the farming industry can not survive without a Government subsidy let it be applied to produce the best results. If a farmer is helplessly breaking down under the load of interest and taxes, Federal funds may profitably be used to give him an extension of time until conditions improve.

Investors in stocks and bonds have been compelled to charge off a large part of their capital account, reaching up to 80 or 90 per cent. If standard securities representing the Nation's industrial plant have so depreciated, why expect the Nation's agricultural plant to maintain its paper at par? The British Empire is unable to do so.

At peak of the boom in 1929, measured by Dow-Jones averages, industrial stocks sold on New York Stock Exchange at 381.17; deflation carried this average down to 41.22 in 1932. This was a shrinkage in market value of \$339.95 a share.

To make a more direct comparison: Suppose an investor for income had \$30,000 in July, 1929, buying \$10,000 of stocks, \$10,000 of bonds, and loaning \$10,000 for three years on a farm mortgage. In January, 1933, he is compelled to liquidate; the farmer is held for principal and interest in full, but look at the depreciation the investor had to take on his securities.

If the subsidy had been used to enable the grower to sow half his wheat land in clover or grass until the accumulated surplus had been consumed, the financial burden to the Treasury would have been less, the farmer's overhead expenses have been reduced, the price of wheat raised, and the fertility of the soil increased. Hogs at present prices may lose money if fed in a pen, but given grain while on clover pasture will make 15 pounds of pork out of every bushel and enrich the land. The wheat is a dead loss, the clover insures future gain.

In the last 21 years we have increased our crop area in the United States 55,000,000 acres. Most of that means plowed land. We have also decreased the work stock—horses and mules—which consumed the product of some 25,000,000 to 30,000,000 acres more, now thrown on an already glutted market. Thus, while we have a small relative population increase, and our foreign demand is decreasing, we have added 80,000,000 to 85,000,000 to our crop acreage. At the same time we are importing agricultural products, overgrazing our forest reserves, and crowding our stock raisers out of business. They also complain of low prices. They could produce meat even below present prices if done on grass instead of plow land.

In the Ohio Valley, from 1870 to 1900, cattle rarely brought the farmer more than 3 cents per pound for beef. We received no

Federal aid when they went lower; but the standing of a farmer even then was determined by the amount of grass he had. The most successful English farmers in the last century raised beef on grass and finished it on imported grain. They bought most of our oil cake. The same was true of the outstanding leaders of agriculture in Virginia, Kentucky, New York, and Pennsylvania. The land on which they made money with grass has been plowed until most of the cream has been washed off and carried into the Gulf of Mexico, and their descendants are trying to lift themselves by their own boot straps with Federal aid.

A late report on a county in southeastern Ohio, where I formerly lived, states that three out of four hill farms have been abandoned. Yet there was one man in the very poorest district living in comfort if not in luxury, and on his farm wheat yield rarely fell below 30 bushels per acre or corn below 80, though adjoining land on every side produced only a sparse growth of sassafras, saw briers, and broom sedge. Clover did it, for his was an abandoned farm he brought back to fertility. Senator Ingalls described grass as the expression of nature's forgiveness. This generation of Americans needs that forgiveness if they are not to go down into history with Attila the Hun, who boasted that grass never grew where the hoofs of his horses had trod.

Judging from debates in the present Congress the former routine will be repeated. Appropriate some public money to raise more wheat, to lose more money, to get another appropriation, to raise more wheat, to lose still more money—until everybody will be compelled to borrow money to pay his income tax.

The farmers have been punished by world conditions; but there is worse to come. They have been buncoed by leaders and misleaders into voting property off the tax rolls or allowing the cities to do so, loading the burden back on the land until Henry George's aim of "taxing land up to the full rental value" is well nigh accomplished.

It is significant that Seattle and Tacoma, held up as shining examples of the benefits of municipal ownership of utilities, have also the highest tax rate in cities of their class.

Seattle has more than \$100,000,000 off the tax rolls. City Light claims a plant worth \$50,000,000, \$20,000,000 reinvested in plant out of earnings, and a saving of \$10,000,000 annually to customers, and earned surplus of \$12,000,000. But City Light can pay no share of the taxes, and now must have aid from the Reconstruction Finance Corporation! Still, they persuaded the farmers of Washington and Oregon in 1930 to put over a bill to take all the other power plants off the tax rolls—and at a time when every county in both States is taking over land delinquent for taxes.

In 1924 I was shown a farm in Whatcom County that rented for \$400, taxes \$450. The owner of a finely improved quarter section in Skagit County was offered \$50,000 in 1919. In 1924, after paying taxes, he had left \$73 for rent. How much interest could he pay?

Instead of throwing more good money after bad, why not pay \$5 per acre bonus to put 50,000,000 acres back into grass? That will cost only \$250,000,000, and add a large amount to value of crops on remainder—cheaper than allowing it to be used for wheat growing until the farmer and his family must be given a direct dole.

Department of Agriculture very properly urges return to farming as a subsistence instead of a speculation; but at least 50,000,000 acres are speculative and should be returned to grazing.

Some enthusiastic rainbow chaser is ready to scream: "But how will that help the fruit grower?" It will not help the fruit grower. He has elected to put all his eggs in one basket—an expensive one—and must take what comes; but it is silly to reject the most immediate and practicable relief because it does not regulate the universe.

Reforestation of these marginal lands would cost ten times as much as restoration to grass, and would not admit of future use if required for crops. Kansas, Nebraska, and Minnesota alone could lift the burden if they would cut wheat acreage in half for the next three years. It is impossible to get exact figures but it seems safe to say that every bushel of wheat raised east of Missouri River points in 1930 represented a net loss of 25 to 50 cents.

What about corn, cotton, pork, and tobacco? We can eat a lot more corn and pork. If the women take to wearing clothes again, that will make a market for cotton. I don't use tobacco. Let's cure one ailment at a time.

There have been individuals who were good farmers but only one class of real farmers—the Pennsylvania Dutch. Whether they have also been corrupted I am unable to say, but no plea for Federal aid has come from Lancaster County, Pa. Their system differed from the average American system of change and extreme waste in three outstanding rules:

1. They bought land to keep—not as a speculation.
2. They bought nothing that could be produced at home and wasted nothing.
3. They bought only when they had the money to pay. The States which have made greatest departure from these essentials are also making loudest plea for aid for farmers.

What do the farmers need?

First. They need a United States chamber of agriculture which will speak with one authoritative voice and make the farmer feel that he is on a level with American Bankers' Association, National Association of Manufacturers, American Federation of Labor, or any other organized group. For this lack the farmers themselves are solely responsible.

Second. The farmers need to be saved from themselves and the consequences of their own errors. In this they are not alone.

They have made mistakes; but compared with the eminent financiers, the captains of industry, the massive intellects, the forward-looking statesmen, and the scientific investigators, they are a monument of wisdom. As one of the family I can admit that the farmer has not much sense but he has about the entire visible supply.

"Of fools the world has such a store
That he who would not see an ass
Must hide at home and lock his door
And break his looking-glass."

The farmer can take care of his enemies if somebody will save him from his fool friends.

They are "liberal"—with his coin.

They have taught him "progress"—toward bankruptcy.

Two prominent articles in the Country Gentleman for this month show that we are regaining sanity.

If Congress can not clean up the mess, give the 4-H clubs a chance.

THE NATIONAL DEFENSE

Mr. BINGHAM. Mr. President, I have received from the secretary of state of the State of Connecticut a joint resolution adopted by the general assembly relating to national defense, which I ask may be printed in the RECORD and appropriately referred.

The VICE PRESIDENT. Under the rule, the joint resolution will be printed in the RECORD and referred to the Committee on Appropriations.

The joint resolution is as follows:

STATE OF CONNECTICUT, SECRETARY'S OFFICE,
Hartford, January 18, 1933.

HON. HIRAM BINGHAM,

United States Senator, Washington, D. C.

DEAR SIR: I have the honor to transmit to you a copy of a senate joint resolution, No. 35, passed by our general assembly here in Connecticut on the 17th day of January, 1933, and transmitted as directed by such general assembly.

Respectfully yours,

JOHN A. DANABER, Secretary.
By ELMER H. LOUNSBURY,
Deputy Secretary of State.

STATE OF CONNECTICUT,
OFFICE OF THE SECRETARY.

Senate Joint Resolution 35, memorializing Congress concerning national defenses

GENERAL ASSEMBLY,
January Session, A. D. 1933.

Resolved by this assembly—

Whereas the Congress of the United States enacted in 1920 the national defense act, which provided the first well-coordinated system of national defense which this Nation has ever had; and

Whereas during the intervening years curtailment in this program has been made and meanwhile our Navy has not been maintained at anywhere near "treaty strength," and our Regular Army has been subjected to consistent reductions until to-day our defense forces have reached the irreducible minimum consistent with national security; and

Whereas at the present time efforts are being made to effect a still further curtailment through the reduction or entire elimination of the United States Marine Corps, reduction in the Regular Army, the elimination of the citizens' military training camps, the elimination of the Junior Reserve Officers' Training Corps, and substantial reduction in the training programs of the Officers' Reserve Corps, the Reserve Officers' Training Corps, the National Guard, and the Naval Militia; and

Whereas the State of Connecticut has always been throughout its entire history, first as a colony and later as a State, a firm believer in national preparedness, which belief it has always backed by its acts and the deeds of its citizens in times of emergency: Therefore be it

Resolved, That the General Assembly of the State of Connecticut in regular session assembled deprecates the attempts now being made to reduce further our national defense and respectfully urges upon the Congress of the United States that no further reduction be made at this time; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, to the chairmen of the Committees on Appropriations, Military, and Naval Affairs in the respective Houses of the Congress, and to our Senators and Congressmen.

State of Connecticut, passed by senate January 17, 1933.

State of Connecticut, passed by house of representatives January 17, 1933.

GOVERNMENT PURCHASE OF AMERICAN GOODS

Mr. DAVIS. Mr. President, I desire to present a letter from Matthew Woll, president of America's Wage Earners' Protective Conference, urging that public funds be spent only for articles or commodities which are of the growth, production, or manufacture of American labor. I ask that it may be printed in the RECORD.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

AMERICA'S WAGE EARNERS' PROTECTIVE CONFERENCE,
New York City, January 6, 1933.

HON. JAMES J. DAVIS,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In the midst of the misery and suffering now existent among the millions of America's unemployed workers our national spirit has seemingly been aroused and the cry throughout our country is, "Help put America's workers again at work—buy American."

The Congress two years ago heeded our request made at that time and inserted in some of the appropriation bills a requirement that public funds be spent only for articles or commodities which are of the growth, production, or manufacture of American labor. Last year this requirement was inserted in several of the appropriation bills.

This year we respectfully ask that this requirement be inserted in all of the appropriation bills.

The insertion of this requirement in the appropriation bills of last year provided employment for many thousands of America's workers who otherwise would have been unable to secure employment.

The continuance of this policy and extending it to all purchases made by or with moneys appropriated by the Congress will provide employment for America's workers and will contribute greatly toward the elimination of our present depression by providing a purchasing power which otherwise would go to workers in foreign lands.

We sincerely trust that you, as a member of the Senate Appropriations Committee, will insist on this requirement being inserted in all of the appropriation bills.

Respectfully yours,

MATTHEW WOLL, President.

RESTORATION OF PRICE LEVEL OF AGRICULTURAL PRODUCTS

Mr. DAVIS. Mr. President, I desire to present a letter I have received from the Farmers' Mutual Fire Insurance Co. of Tuscarora, dated Wyalusing, Pa., January 15, 1933, together with a resolution accompanying the letter. I ask that the letter and the resolution may be printed in the RECORD and referred to the Committee on Agriculture and Forestry.

There being no objection, the letter and the accompanying resolution were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

FARMERS' MUTUAL FIRE INSURANCE CO. OF TUSCARORA,
Wyalusing Pa., January 15, 1933.

HON. JAMES J. DAVIS,
United States Senate, Washington, D. C.

DEAR SIR: I am inclosing a very important resolution passed by about 200 representative men of Bradford County at the annual meeting of the Farmers' Mutual Fire Insurance Co. of Tuscarora, held at Spring Hill Community Hall January 9, 1933.

I am hoping this will have your consideration and you will do all in your power to help the condition of the farmers in this great country of ours.

Yours very truly,

R. L. BLOCHER,
Secretary Insurance Co.

Resolution passed at Farmers' Mutual Fire Insurance Co.'s annual meeting

Resolved, We, the members of the Farmers' Mutual Fire Insurance Co. of Tuscarora, in session assembled, deem it necessary, if the farmers' interest obligations are to be met, that the price level of agricultural products be raised to the price level at which the mortgages and debts were made.

We therefore earnestly beseech you, our representatives of legislation and Congress, to take such steps in changing our monetary system that will restore the price level of agriculture products to the level of those of from 1921 to 1929.

REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 5325) for the relief of Sadie L. Kirby, reported it without amendment and submitted a report (No. 1088) thereon.

Mr. SHORTRIDGE, from the Committee on Naval Affairs, to which was referred the bill (S. 5283) authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U. S. S. *Newport*, reported it without amendment and submitted a report (No. 1097) thereon.

Mr. TYDINGS, from the Committee on Naval Affairs, to which was referred the bill (S. 1011) for the relief of William E. B. Grant, reported it with an amendment and submitted a report (No. 1089) thereon.

Mr. WALSH of Massachusetts, from the Committee on Naval Affairs, to which was referred the bill (S. 3493) for the relief of Grant MacInnes, reported it without amendment and submitted a report (No. 1090) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (H. R. 10743) to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works, reported it with amendments and submitted a report (No. 1091) thereon.

Mr. GRAMMER, from the Committee on Commerce, to which was referred the bill (H. R. 11930) to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods, reported it without amendment and submitted a report (No. 1092) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 13372. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S. C. (Rept. No. 1093);

H. R. 13743. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Illinois and Mississippi Canal near Tiskilwa, Ill. (Rept. No. 1094);

H. R. 13744. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Illinois and Mississippi Canal near Langley, Ill. (Rept. No. 1095); and

H. R. 13852. An act to extend the times for commencing and completing the construction of a bridge across the Rock River, south of Moline, Ill. (Rept. No. 1096).

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHEELER:

A bill (S. 5454) for the relief of A. Keith McMurdo; to the Committee on Claims.

By Mr. BARBOUR:

A bill (S. 5455) for the relief of Harry Thomas; to the Committee on Claims.

By Mr. WALSH of Montana:

A bill (S. 5456) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen," approved May 13, 1932, to desert-land entrymen; to the Committee on Public Lands and Surveys.

By Mr. BINGHAM:

A bill (S. 5457) to provide a civil government for the Virgin Islands of the United States; to the Committee on Territories and Insular Affairs.

By Mr. TYDINGS:

A bill (S. 5458) to provide revenue for the District of Columbia by the taxation of beer, and for other purposes; to the Committee on the District of Columbia.

A bill (S. 5459) amending section 112 of the United States Code, Annotated book 28; subtitle "Civil suits; where to be brought"; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A bill (S. 5460) for the relief of the Southern Products Co.; to the Committee on Claims.

By Mr. BULKLEY:

A joint resolution (S. J. Res. 235) amending provisions in river and harbor laws relating to local cooperation in the prosecution of waterway improvements; to the Committee on Commerce.

By Mr. CAPPER:

A joint resolution (S. J. Res. 236) to provide for the maintenance of public order and the protection of life and property in connection with the presidential inaugural ceremonies in 1933; to the Committee on the District of Columbia.

THE BANKING ACT—AMENDMENTS

Mr. BYRNES submitted an amendment intended to be proposed by him to Senate bill 4412, which was ordered to be considered as read, to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 44, beginning with line 20, to strike out all through line 8, page 45, and insert in lieu thereof the following new paragraph:

"(c) A national banking association may establish and operate new branches within the limits of the city, town, or village, or at any point within the State, in which said association is situated, if such establishment and operation by State banks are not at the time expressly prohibited by the law of the State in question. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid in and unimpaired capital stock of not less than \$500,000."

Mr. BULKLEY submitted three amendments intended to be proposed by him to Senate bill 4412, which were ordered to be considered as read, to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Wherever the phrase "banking act of 1932" occurs, amend to read "banking act of 1933."

On page 35, line 7, to strike out the word "hereafter," and after the word "purchased" insert "after this section as amended takes effect."

On page 35, line 14, to strike out the word "hereafter," and after the word "purchased" insert "after this section as amended takes effect."

Mr. NORBECK submitted an amendment intended to be proposed by him to Senate bill 4412, which was ordered to be considered as read, to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 45, after line 8, insert the following:

"Provided, That in States with a population of less than 1,000,000, and which have no cities located therein with a population exceeding 100,000, the capital shall be not less than \$250,000."

Mr. THOMAS of Idaho submitted an amendment intended to be proposed by him to Senate bill 4412, which was ordered to be considered as read, to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 40, line 3, after the word "after," to strike out the words "July 1, 1935" and insert the words "five years after the enactment of the banking act of 1933."

Mr. THOMAS of Oklahoma submitted an amendment intended to be proposed by him to Senate bill 4412, which was ordered to be considered as read, to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 10, to strike out lines 1, 2, and 3 and insert the following:

"SEC. 6. (a) The first paragraph of section 10 of the Federal reserve act is hereby repealed, provided that the present members of such board shall serve until their successors have been selected and qualify."

Mr. WALSH of Montana submitted an amendment intended to be proposed by him to Senate bill 4412, which was ordered to be considered as read, to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 36, line 6, to strike out the word "general."

GOVERNMENT PURCHASE OF AMERICAN GOODS

Mr. WALSH of Massachusetts. Mr. President, I desire to submit several amendments to the bill H. R. 10743, which has passed the House and I understand will be reported favorably by the Committee on Commerce to the Senate, and also to submit a statement in explanation thereof, all of which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the House bill, the statement, and amendments were ordered to lie on the table and to be printed in the RECORD, as follows:

MEMORANDUM ON H. R. 10743, S. 5411, AND SIMILAR BILLS, ENTITLED "TO REQUIRE THE PURCHASE OF DOMESTIC SUPPLIES FOR PUBLIC USE AND THE USE OF DOMESTIC MATERIALS IN PUBLIC BUILDINGS AND PUBLIC WORKS"

H. R. 10743 has passed the House and is now before a committee of the Senate. It is called the "Wilson bill," being introduced by Representative WILSON, and has been referred to the Committee on Commerce. It is stated that the committee has voted to report the bill to the Senate.

S. 5411 is exactly the same as the Wilson bill, and was introduced by Senator STEIWER. It is pending before the Committee on Expenditures in the Executive Departments.

Briefly stated, H. R. 10743 as passed by the House seeks to require all articles or materials used by the Federal departments to be of domestic manufacture, and that such articles as are manufactured domestically shall be "wholly" made of materials mined, produced, or manufactured domestically.

Section 2 of this bill is objectionable for the reason that it goes too far in requiring that all articles used by the Federal departments be manufactured "wholly" out of articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States. This section 2 would apply to all materials or supplies of any kind and nature used by any Federal department, except for experimental or scientific purposes, or except where the articles are not mined, produced, or manufactured in the United States.

In the House of Representatives a question was asked of Representative HOLLISTER as to whether this would exclude canned peaches which were canned with Cuban sugar and the answer was, first, that "I should not think it would." But when Representative LEAVITT asked Representative HOLLISTER a few minutes later, "How, under this bill, could Cuban sugar be used in canned goods for the use of the Government when good Montana or Colorado sugar was just as available?" the answer was, "If it were just as available, I should think it probably could not be." Thus illustrating the dilemma that any manufacturer may expect to be in when attempting to act under such legislation.

A similar question was asked in respect to paper purchased by the Federal departments that might have been manufactured out of imported wood pulp. It was called to the attention of the House of Representatives that some domestic wood pulp was manufactured, but that larger quantities were imported which is manufactured into paper in this country. The sponsors of the bill in the House of Representatives merely stated that they felt such paper could still be purchased by the Federal departments under the provision that the exclusion thereof would be "inconsistent with the public interest," as provided in the second line of section 2.

Section 3 provides that every contract for the construction, alteration, or repair of any public building and public work shall contain a provision against the use of foreign articles or against the use of domestic manufactured articles that are not wholly manufactured from domestic materials. It will be noted that this section 3 covers only contracts for "construction work," and therefore has no application whatsoever to the very large purchases of ordinary materials and supplies used for other than construction work. However, the only penalty provided in the bill is in subsection b of section 3, which penalty can only be imposed where there has been a violation of the provision inserted in a Government contract. Thus the entire bill will be effective only on materials for construction work and leaves the general provisions of section 2 effective only to the extent of a declaration of policy, to say the most.

Public hearings were had on the bill in the House in the spring of 1932, and difficulties were apparently encountered by the committee in the House in the drafting of a workable bill.

As far as actual manufacturing processes are concerned, there are very few articles that can be stated to be manufactured "wholly" out of domestic products, and any required change in the ordinary processes of manufacture so as to exclude entirely imported products would create grave difficulties to most manufacturing concerns.

For the past two or three years provisions have appeared in various appropriation bills requiring that preference be given to the purchase by the Federal departments of domestic articles. Due to the general nature of these provisions and rulings of the Comptroller General, these provisions have been only partially effective in accomplishing the purpose of requiring the Federal departments to use exclusively domestic products. This was principally due to the ruling of the Comptroller General that American goods would be preferred only when all other conditions were equal, including cost. As a result of the requirement that "cost" be equal, the so-called domestic preference clauses in contracts have been rather academic.

Senator JOHNSON has introduced an amendment to H. R. 13520, which is the Treasury and Post Office appropriation bill, which does not go as far as the Wilson and Steiwer bills, but which does apparently correct the most serious defects of the previous enactments requiring "domestic preference." This is done in Senator JOHNSON's amendment by providing that the Federal Government departments shall purchase domestic manufactured articles, "notwithstanding that such articles may cost more, if such excess of cost be not unreasonable," and excepts from the provisions only "such articles which are not produced or manufactured in the United States of a suitable quality and in commercial quantities."

The Johnson amendment seems to be a step further than previous provisions in appropriation bills, without requiring an absolute exclusion of every kind of foreign material, whether merely an insignificant component part of a domestically manufactured product or otherwise.

I am in favor of the broad policy of all of these bills, but feel that the Wilson and Steiwer bills go so far as to be impractical of application and would result in serious dislocation of trade in some cases far more injurious to the country than the beneficial results that the bills are intended to accomplish.

It will be noted in Senator JOHNSON's amendment than an exception is made to articles not produced or manufactured in the United States "in commercial quantities," while Senator STEIWER's bill excepts only such articles as are not produced or manufactured in the United States. Thus, any small production of an article in the United States would apparently bring that article under the ban. The bill even goes farther and in the present form actually prevents the purchase by the Federal Government of an article which may have some imported component part, no matter how small, although such component part is not even mined, produced, or manufactured in the United States. The bill illustrates its defects when it is considered that the imported component part which would bar the purchase in a manufactured article may be purchased if such "component part" is purchased alone. This undoubtedly was not the intent of the bill, and, to say the least, should be corrected.

A list of articles commonly used in manufacturing which make up component parts of products sold to the Federal Government but are commonly imported would be very extensive. In most cases they are little-known elements, and in relation to the value of the domestic product are very small. They are, however, in most cases essential to sound manufacturing practice. Tin, nickel, manganese, and other special alloys in the metals industry, cork, rubber, flax, silk, chocolate, cocoa, coffee, jute, copra, and many products (largely on the free list in the tariff act) might be cited.

The Johnson amendment appears to be much more satisfactory to the business interests of the country than any other proposals and permits of the least disruption of trade practice, both for the Government and for domestic manufacturers.

In any case, the House bill should be carefully perfected and an exception should be made of all articles used in the manufacture of goods in the United States which have been imported prior to the enactment of the bill (many of which are completely fabricated or in process); it should not apply to any imported materials that are on the free list, otherwise the bill would be in direct opposition to the carefully considered individual items and policies covered in the tariff act; section 3 of the Steiwer bill should provide that the provision barring imported materials should be included in all contracts of the Federal Government, otherwise it will not accomplish its purpose.

To accomplish a part of such improvement of the bill I have introduced several amendments. I believe, however, that the Johnson amendment above referred to accomplishes the general purpose better than the House and Steiwer bills, even if improved.

Amendments intended to be proposed by Mr. WALSH of Massachusetts to the bill (H. R. 10743) to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works, viz:

On page 2, line 14, after the word "used," to insert the words "or the articles, materials, or supplies from which they are manufactured."

On page 2, line 15, after the word "States," to insert the words "in commercial quantities."

On page 2, line 18, after the word "States," to insert the words "and the acquisition for public use of articles, materials, and supplies."

On page 2, line 19, strike out the words "the work" and insert the words "such contract."

On page 2, line 21, after the word "use," insert the words "and furnish."

On page 3, line 16, strike out the word "sixty" and insert the word "ten."

On page 3, line 21, after the word "act," insert the words "or to any articles, materials, and supplies which have been imported prior to such effective date."

H. R. 10743

An act to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works

Be it enacted, etc., That when used in this act—

(a) The term "United States," when used in a geographical sense, includes the United States and any place subject to the jurisdiction thereof;

(b) The terms "public use," "public building," and "public work" shall mean use by, public building of, and public work of, the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, the Philippine Islands, American Samoa, the Canal Zone, and the Virgin Islands.

Sec. 2. Notwithstanding any other provision of law, and unless inconsistent with the public interest, or unless the cost is unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States wholly of articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or to be used for experimental or scientific purposes, or if articles, materials, or supplies of the class or kind to be used are not mined, produced, or manufactured, as the case may be, in the United States.

Sec. 3. (a) Every contract for the construction, alteration, or repair of any public building or public work in the United States shall contain a provision that in the performance of the work the contractor and all subcontractors shall, so far as practicable, and unless the cost is unreasonable, use only such unmanufactured articles, materials, and supplies as have been mined or produced

in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States wholly of articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States.

(b) If the head of a department, bureau, agency, or independent establishment which has made any contract containing the provision required by subsection (a) finds that in the performance of such contract there has been a failure to comply with such provisions, he shall make public his finding, including therein the name of the contractor obligated under such contract, and no other contract for the construction, alteration, or repair of any public building or public work in the United States or elsewhere shall be awarded to such contractor, or to any partnership, association, or corporation with which such contractor is associated or affiliated, within a period of three years after such finding is made public.

Sec. 4. This act shall take effect 60 days after its enactment, but shall not apply to any contract entered into prior to such effective date or to any contract that may be entered into after such effective date pursuant to invitations for bids that are outstanding at the date of enactment of this act.

EMPLOYMENT OF A MESSENGER

Mr. FESS submitted the following resolution (S. Res. 337), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Senate Resolution 421, agreed to January 28, 1931, and previous resolutions authorizing Hon. THOMAS D. SCHALL, a Senator from the State of Minnesota, to appoint a messenger for service as his personal attendant, to be paid out of the contingent fund of the Senate, hereby are continued in full force and effect until otherwise ordered.

EXHIBITION OF WORKS OF THE FINE ARTS COMMISSION (S. DOC. NO. 174)

Mr. FESS. Mr. President, I have in my hand a letter from the Fine Arts Commission commenting upon the selection of sculpture now in place in the National Museum. I would like to have it printed in the RECORD and as a Senate document for general distribution.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The letter is as follows:

THE COMMISSION OF FINE ARTS,
Washington, January 14, 1933.

DEAR SENATOR FESS: The George Washington Bicentennial Commission having asked the Commission of Fine Arts to arrange an exhibition of works of the fine arts suited to the occasion of the bicentennial, this commission secured the active cooperation of the National Sculpture Society, the National Society of Mural Painters, the American Academy in Rome, the National Capital Park and Planning Commission, and the Harvard University School of Landscape Architecture professors who were engaged on topographic studies of Mount Vernon. Other art organizations gave encouragement to the project but were not in financial position to participate in the exhibition.

The great rotunda of the National Museum Building and exhibition rooms of the National Gallery of Art were courteously granted by the Smithsonian Institution and were especially prepared for the exhibition, the expense being borne partly by an appropriation by Congress and partly by the National Sculpture Society, which undertook the general supervision of the arrangements.

The exhibition was opened on March 26, 1932, and continued until November 24, 1932, during which period it was visited by 448,627 people.

The larger portion of the works of sculpture shown naturally came from members of the National Sculpture Society, but were not limited to those members. For artistic excellence and also for the number of works the exhibition was representative of American sculpture.

Three models of statues of historic significance and high merit by sculptors no longer living were shown. John Quincy Adams Ward's standing figure of Washington from the Subtreasury in New York, Daniel Chester French's statue of the Republic (in bronze) from Chicago, and Paul Bartlett's equestrian statue of Lafayette from Paris.

The mural painters contributed a series of scenes from the Life of George Washington, painted on large canvases that made a complete frieze around the main exhibition room. These murals formed a feature of first importance. They represented, both in the labor bestowed upon them and also in the talent displayed by the painters, the manifestation of a patriotic spirit of significance and value.

The American Academy in Rome contributed a series of large photographs presenting the executed work in architecture, sculpture, and landscape architecture of the graduates of that institution, which was chartered by Congress.

The drawings and topographic surveys of Mount Vernon, Woodlawn, and Gunston Hall, the first of the kind ever made, were of importance, both as representations of early landscape work and also from the standpoint of the cultural history of this country.

The exhibition made by the National Capital Park and Planning Commission well occupied as large a space as the exhibition of sculpture. It presented in models, renderings, plans, and photographs a record of the development of the city of Washington as the National Capital—past, present, and future.

It is not possible to mention here the names of the persons who gave time and thought to make the exhibition a serious, sustained, and a (within the limits above mentioned) representative exhibition of the culture of the American people. In the language of Thomas Jefferson "its object was to improve the taste of our countrymen, to increase their reputation, to reconcile to them the respect of the world, and procure them its praise." This object the exhibition accomplished.

Very respectfully yours,

CHARLES MOORE, *Chairman.*

Hon. SIMEON D. FESS,
Vice Chairman United States George
Washington Bicentennial Commission,
United States Senate, Washington, D. C.

REPORT ON WASHINGTON MONUMENT GROUNDS (H. DOC. NO. 528)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Public Buildings and Grounds, as follows:

To the Congress of the United States:

I transmit herewith the report on the Washington Monument grounds authorized by the independent offices act of 1931, together with several plans and estimates therefor.

I wish to add that I am in accord with the conclusions of this report.

HERBERT HOOVER.

THE WHITE HOUSE, January 19, 1933.

BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The VICE PRESIDENT. The Senator from Wisconsin [Mr. BLAINE] has the floor.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. Do proposed amendments to the pending bill have to be filed with the clerk before 1 o'clock this day?

The VICE PRESIDENT. They must not only be filed but must be read, unless unanimous consent is given that the amendments may be filed and the reading dispensed with.

Mr. THOMAS of Oklahoma. A second parliamentary inquiry: Do amendments already filed with the clerk have to be read before they are considered as offered?

The VICE PRESIDENT. That has already been taken care of by unanimous consent granted on the request of the Senator from Arkansas [Mr. ROBINSON].

Mr. THOMAS of Oklahoma. I ask unanimous consent to file additional amendments to the bill, if that may be in order, without being read, to save the time of the Senate.

The VICE PRESIDENT. Is there objection? Without objection, consent is given.

Mr. BULKLEY. Mr. President, I ask unanimous consent that similar permission be accorded to all Senators so that all amendments filed before 1 o'clock to-day may be considered as read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. BLAINE. Mr. President, an attempt has been made to impute to Senators—and to lead the country to believe those imputations—a design and conspiracy on the part of certain Senators to engage in a filibuster and to delay a vote upon the Glass banking bill. In going over the RECORD I find that those who favor branch banking and who no doubt will vote for cloture—

Mr. LONG. Mr. President, I ask for order in the Senate so that I can hear the Senator speaking.

The PRESIDENT pro tempore (rapping for order). The Senate will be in order. [After a pause.] The Senator from Wisconsin will proceed.

Mr. BLAINE. I find from the RECORD that those who have favored and who do favor branch banking and who no doubt will vote for cloture have occupied substantially the same amount of time in the debate as has been occupied or taken up by those who are opposed to branch banking. In view of that circumstance, it is, indeed, very strange that the Senate should be put under cloture.

I want to review, just briefly, what has happened since the Glass banking bill has been before the Senate for consideration. The Senate has recessed almost every day not later than 5 o'clock, with very few exceptions. There have been recesses taken before 5 o'clock in the afternoon. Many of the recesses have been shortly after 5 o'clock. On but very few occasions has the Senate remained in session beyond 6 o'clock, and I was unable to find any time when the Senate remained in session after 7 o'clock in the evening. Those Senators who are about to vote for cloture ought to appreciate that it is quite well known to other Members on the floor of the Senate that they failed to insist that the debate should continue until it was closed. Those Senators had it within their power, if they chose to remain here in their seats, to prevent early recesses being taken, but they did not do so. In fact, it is well known that some of them were very anxious that the recesses be taken, in order that they might have the opportunity to meet their dinner engagements at 6.30 or 7 or 8 o'clock. It was within the power of those Senators, and within the power of the Senate, to have continued the sessions until the debate had exhausted itself in a continuous session throughout the hours of the night; and yet there was no suggestion, so far as I recall, that that procedure should be indulged in.

Now the same forces, the same powers, are determined to cram down the Senate a cloture rule which limits the debate to one hour on the part of any Senator, as I understand. As for myself, I have occupied but a few minutes in this debate; I am not complaining about that; but I am complaining about those Senators who are now protesting against the debate continuing, and who failed to be here in their seats and protest the recessing of the Senate, who have absented themselves, no doubt to meet their dinner engagements. There is a perfectly legitimate and parliamentary method by which the filibuster may be broken, if there is a filibuster in which Senators are engaged. No attempt has been made to exercise the parliamentary rules in order to break down any filibuster that might have prevailed in the consideration of the bill. I think the country ought to know that Senators who have been calling the kettle black now, because of their failure to insist upon the parliamentary rules and to continue the debate until it was concluded, should be foreclosed from complaining about the situation in which we find ourselves.

I make no complaint; I am perfectly willing to vote upon the cloture petition. I do not favor cloture; but I want to send out this warning, that when the cloture is once established as a rule of the Senate, the minority in a party and the minority party will find themselves in a position where they can not effectually and properly debate the subjects that may come before the Senate in future years.

Mr. President, so much for that. Now, I want to turn my attention—

Mr. LONG. Mr. President, will the Senator yield for just a second?

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Louisiana?

Mr. BLAINE. I do not like to be interrupted when I have so little time, but I will yield.

Mr. LONG. I merely desire to ask the Senator one question. In view of the many lobbies that are here trying to put this chain bank bill over, does not the Senator think that the dinner engagements of Senators to which he has referred might be important at this time?

Mr. BLAINE. I am not imputing to Senators any improper conduct. I am simply stating what the RECORD discloses, that the Senators who now propose to support cloture had the opportunity to force the debate to a final conclusion, and I think the dinner engagements, perhaps, at

their own homes or the homes of friends might have been more impelling than the responsibility to have the Senate proceed in a parliamentary way permissible under the rules.

Now, Mr. President, I want to turn my attention to the evidence that was submitted, as I said yesterday, in the grand finale of the Senator from Virginia. Hundreds and, I understood from the Senator, thousands of telegrams have poured in upon him. I undertook during the course of his remarks to call his attention to some circumstances that might explain why there was a flood of such telegrams. I did not have the opportunity; I was denied the opportunity by the Senator to make a full statement. So now I take this occasion to present some of the evidence that has come to me which would justify an ordinary country justice of the peace in the State of Virginia or any other State to throw the evidence out, even if there were involved only the question of petty larceny. The evidence amounts to nothing, in view of the circumstances, as I shall point out.

I want to read from a letter to which I made reference yesterday. This information has been communicated by letter from my State and refers to the activities of an agent of the Postal Telegraph Co. I quote:

His office telephoned local merchants, leaving them under the impression that the content of the telegram was being transmitted to them, which telegram reads as follows:

"We understand Senator CARTER GLASS would appreciate telegram sent to our Senators, ROBERT LA FOLLETTE and J. J. BLAINE, favoring the enactment of the Glass bill and opposing filibuster of Senator H. LONG, particularly section 19."

Signed by the agent for the Postal Telegraph Co.

I have not any doubt but that the Western Union Co. has engaged in the same practice, but that may not be important. Those gentlemen were seeking an opportunity for profit for the companies which they are serving as employees. Now, however, I wish to come to a proposition that is important. I suggested that there are lobbyists in and about Washington, in and about the Capitol of the United States. Those lobbyists stand just outside the entrance door to the Senate; they are there to seize the collar of every Senator if they think they might influence him to vote for this bill or to withdraw his objection to the bill.

I want to read from the written testimony the admissions of some of these gentlemen. Such testimony does not come from one State alone. I understand that there are other Senators upon this floor who now do me the honor of listening to these remarks who have had similar experiences. Let us see what this lobby is. This lobby is the organized banking forces of this country who want to put over a branch-banking system that would destroy the independent unit banking system. These same banking forces want to destroy the independent banks in the knowledge that when those independent unit banks shall be closed and destroyed, then they will have a monopoly of the credit of this country. Let me read from a letter sent to a Member of the Senate from the State of Minnesota, for instance:

JANUARY 17.
I inclose a circular letter which I am advised was sent out to all stockholders of the N. W. Banco group.

That is the Northwest Bancorporation.

I presume similar letters of instructions have gone out by other groups and branch banks, and undoubtedly Senators will be flooded with messages propagated by the "big boys."

Yes, indeed, the Senator from Virginia was literally flooded with telegrams in favor of branch banking.

I digress for a moment to inquire how many of those who sent those telegrams ever saw the Glass banking bill and how many of them ever knew what was in the branch-banking provision of the bill? I think when it appears that there are hundreds or scores of telegrams coming from one community reading about the same, having about the same text, that it is a reflection upon the intelligence of the senders of those telegrams; but they have been induced to send them by some one, perhaps not by the telegraph companies, but, perchance, by the banking groups of the United States who want to monopolize the credit of this country.

Now, let me proceed.

I thought you might be interested in advising the Senate what they might expect. If branch banking goes through, it will mean the closing of more independent banks by competition, and the groups and branch banks would delight in putting them out of business. You have the country with you. Hang on and keep up the good work.

This letter is signed by a reputable business man who, however, is under the thumbscrew of the group-banking interest of his State, and, therefore, in order to protect himself, he has asked that his name be not disclosed. Of course, his name should not be disclosed; his little business should not be put in jeopardy; but how many of the senders of such telegrams have been informed, and pointedly so, to send the telegrams or the thumbscrew would be placed upon them, they knowing very well that the suggestion alone was an "order from the king"; an order that the message be sent out. They knew full well that if they did not send it the same banking organization could put the thumbscrews upon them. They followed the warning.

What did the Northwest Bancorporation say? I have their letter, dated January 16, 1933, from Minneapolis, Minn. It is addressed, "To officers and directors of Northwest Bancorporation and affiliated banks." I shall read the letter in full.

This letter is of that character of evidence that convicts the organized financial interests of this country who are seeking legislation favorable to branch banking of having undertaken to influence this Congress by lobby methods. They have their representative just outside the door of the Senate Chamber. I have seen him. He has talked to me. He did not invite me, however. The conversation or the meeting was quite accidental; but on that occasion I informed him that I was opposed to branch banking. However, the order had gone out by him prior to that time; and in compliance with that order the Northwest Bancorporation wrote this letter to its members, its officers, and directors:

We are making a nation-wide effort to have telegrams sent to each United States Senator from your State and to Senator GLASS—

Now, does the Senator think that those telegrams were spontaneous? Ah! He is not so green as to believe for one moment that that flood of telegrams was sent spontaneously.

I repeat:

We are making a nation-wide effort to have telegrams sent to each United States Senator from your State and to Senator GLASS, pointing out importance of obtaining passage of the Glass bill.

Mr. J. C. Thomson, vice president and general manager, telephoned from Washington yesterday—

That is the gentleman who occupies his position just outside the Senate door—a convenient position; in fact, in the aisle leading to the exit from the Senate Chamber, where he might have the opportunity to approach every Senator as he leaves the Senate Chamber for his home or his office—telephoned from Washington yesterday asking that telegrams be sent by business interests of this territory over each company's name and signed by the president or managing officer as such. Apparently Senator HUEY LONG, of Louisiana, is prepared to carry on the present filibuster for some time, but efforts will be made this week by Senator GLASS to break this filibuster—

Evidently the Senator from Virginia was "let in" on the proposal of Mr. Thomson, or Mr. Thomson has misrepresented the Senator. I would accept the statement of the Senator from Virginia, however, on that proposition—

but efforts will be made this week by Senator GLASS to break this filibuster and to put into effect a cloture rule in order to obtain a vote on the bill.

In other words, a lobbyist here in Washington had information as to a matter regarding which Members of the Senate had no information. He had information that a cloture was going to be proposed. I desire to note that to-day is the 19th day of January. I also desire to note that on the 17th day of January the cloture petition was presented. I ask Senators to note that this letter was dated in Minneapolis, January 16, before the Senate of the United States had official information that a cloture was going to be proposed; and remember that, according to this letter,

Mr. Thomson telephoned "yesterday"—that is, the day before January 16—he telephoned two days before the cloture was proposed in the Senate Chamber that a cloture rule would be proposed.

Now, let me read further:

There has been considerable opposition by Northwest Senators, and we believe that some of these are lined up with Senator Long in an effort to block passage of the bill. The morning paper indicates that the bill will be laid over for Monday and Tuesday in order to make way for certain appropriation measures, but it will come up on Wednesday morning.

There is a horrible spectacle, Mr. President. I think the country ought to know of it. Here is a lobbyist—a lobbyist who is primarily interested in monopolizing the credit of this country—having the information that a cloture rule is to be offered days before that cloture petition was received in the Senate of the United States. I pause to say that that situation in these days, in my opinion, carries with it a menace for the future.

We should like to have as many telegrams as possible go into Washington by that time and shall appreciate it very much if you will send such telegrams and get as many of your associates as possible to do likewise. We have been asked by some of our directors to give several suggestions as to what types of telegrams might be desirable and, in response, offer the following suggestions.

I have not read the telegrams that have been received by the distinguished Senator from Virginia. I wish I had had the opportunity to read them. I heard some of them read. I did not get the full text of them. I did not have this information before me; but I should like to compare the text of those telegrams with some of the contents of these suggestions, and see to what extent the text of the telegrams corresponds to the suggestions that are made by this lobbyist. I know that the telegrams I have received are very closely knitted in with the suggestions made by this lobbyist.

Now, let us see what those suggestions are. He has three of them. He overlooks nothing.

1. We urge you to muster all support possible to obtain passage of Glass bill with provisions for state-wide branch banking.

I want to point out to the Senate that in all of these undertakings the single feature that has been emphasized is branch banking. The bill covers a multitude of provisions relating to national banks, the Federal-reserve system, and the whole banking system. It is a bill containing over 50 pages; and yet the single feature of the bill which has been emphasized in these telegrams and by these lobbyists is branch banking.

These are the suggestions that the senders of the telegrams are to insert in the telegrams:

Would like to register vigorous protest against Long's filibuster—

Well, they did that—

which not only is delaying action upon this measure but preventing passage of other constructive legislation—

Identically the same language in some of those telegrams—

which is needed to bring relief to this territory.

The second suggestion: They did not want all of these telegrams to read the same way. They wanted a variety. They no doubt thought that they could pull the wool over the eyes of the Members of the Senate; that the Members of the Senate might not be keen enough to perceive that there was more than one text of telegrams, and so they had the three suggestions:

2. It is my opinion that the majority of the people in this territory are in favor of passage of a branch-banking bill that will enable national banks in all States to establish branches and thus provide service to communities now without banks.

That sounds familiar after listening to some of the telegrams, and particularly after reading some of the telegrams that I received.

The obstructive tactics such as are being used by Long and his supporters are wholly unjustified in view of important legislation of all kinds now pending in Congress, much of which is needed to bring relief to the country at large.

If those gentlemen were as much interested in relief legislation as they pretend to be, why did they not send their telegrams to the Senator from Virginia [Mr. Glass] and the Senator from Louisiana [Mr. Long] and other Senators, insisting that the rules of the Senate might be used in order to promote a final vote upon this bill? They have not been violated. They simply have not been used. This debate could have been concluded had the complaining Senators desired.

These gentlemen were not interested in that, however. They wanted the country to believe that there were certain offenders in this matter. They wanted the country to believe that those offenders were the single ones who are prolonging the debate on this bill. They were interested, not in the general welfare of the country, not in farm relief, not in relief for the starving, but they were interested in branch banking; and every telegram, I think without a single exception, discloses that that was their interest.

Let me read further:

3.—

If these people did not choose to send telegrams along the lines of the first or second suggestions, they were invited to try this one out on the Senate. In fact, it occurs to me in passing that these suggestions are direct reflections upon the intelligence of the Members of this body.

Business interests here seriously disturbed by situation in Senate and the delayed action on pending legislation. We urge your support for any move that will break this filibuster in order that legislation of an emergency nature, such as the Glass bill, may come up for action.

They do suggest the Glass bill, generally speaking, but that is not their full suggestion.

We believe majority of people in this territory favor passage of Glass bill providing for state-wide branch banking.

According to these gentlemen, that is all that is contained in the Glass bill.

We vigorously protest against the actions of Senator Long and his associates in obstructing this and other important legislation sorely needed to restore confidence and stabilize business conditions.

The Senate will observe that they are keeping check on the gentlemen to whom they have made the request. They conclude:

We should like very much to have copies of telegrams sent to use in connection with support which we are trying to obtain for the bill. We shall appreciate your cooperation at this time.

Very truly yours,

W. E. BROCKMAN,
Assistant Secretary.

That is upon the letterhead of Northwest Bancorporation, an affiliated group of leading banks and trust companies, at Minneapolis, Minn.

That evidence, it seems to me, ought to be considered by the Senate as entirely vitiating any force or effect of a single telegram that has been sent to a single Senator.

Mr. President, the time for a vote upon the cloture is fast approaching. I had intended, during the course of the debate, to discuss the question of branch banking as it obtains in Canada and branch banking as it is practiced in the United States. I have gone to considerable trouble in searching the literature upon the subject of branch banking to be found in the Congressional Library. I find that the Congressional Library is almost barren of literature upon the subject.

I have not the time, within the few minutes that are left, to discuss branch banking as it is practiced in Canada. However, I want to call to the Senate's attention, before I take my seat, this very significant practice which obtains there. Under the branch-banking system of that Dominion there are certain investment banks and certain mortgage companies which might be classified as bankers, but the branch-banking system of the Dominion of Canada expressly, by the laws of that Dominion, prohibits the lending of a single dollar upon real estate within the Dominion.

I have gone through the clippings that are in the legislative reference department in the Congressional Library. I found 30 clippings. Practically all of them are propaganda articles in favor of branch banking, but none of them gives

facts and figures from which any disinterested and unbiased person might draw conclusions.

The literature in the Congressional Library is limited to six small volumes, none of them a treatise that is worth while, upon the subject of branch banking. So it is difficult to obtain much information respecting branch banking in Canada.

I have gone through the hearings held by the full Committee on Banking and Currency, comprising two parts, and very extensive hearings before the subcommittee, printed in five parts, and all to be found on branch banking in all of those volumes of hundreds of pages of testimony is a mere fragmentary reference to branch banking.

Some by declaration and assertion indicate that they are in favor of branch banking, some by declaration and assertion oppose branch banking, and I think that in only one instance is there any fact upon which testimony was given concerning branch banking.

Mr. President, during the course of the proceedings before the Committee on Banking and Currency, of which I was a member at the time the hearings were held, and am now, when the committee went over the bill I called to the attention of the committee the fact that there had been substantially no testimony taken on branch banking. Of course, branch banking was set forth in the first bill; I presume it was the first bill. Anyway, it was Senate bill 3215, introduced by the distinguished junior Senator from Virginia [Mr. GLASS]. It is the only bill to which reference has been made by number other than the pending bill, and branch banking was provided for in that bill, but an entirely different system of branch banking than is provided for in section 19 of the pending bill. To the system set forth in Senate bill 3215 objection was made by those group bankers and financial interests who want branch banking unrestricted.

If the time permitted, I should review the history of this bill before the Committee on Banking and Currency. But I shall reserve my discussion of the details until a vote shall have been taken on the petition to invoke the cloture rule. I have not the time, it is obvious, within which to give the facts respecting branch banking in Canada as I have been able to gather those facts from the very meager and fragmentary literature on the subject. But there are certain outstanding facts, essential facts, facts which disclose that the branch-banking system of Canada has not and does not and can not furnish any credit except a very limited intermediate credit to the agricultural interests of Canada or the home owners of Canada.

Mr. President, only five minutes remain before the time when we will take a vote; and as there may be some Senator who desires to make some comment, I feel that I should yield the floor.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Shipstead
Austin	Davis	La Follette	Shortridge
Bailey	Dickinson	Logan	Smith
Bankhead	Fess	Long	Smoot
Barbour	Fletcher	McGill	Steinwer
Bingham	Frazier	McKellar	Stephens
Black	George	Metcalf	Swanson
Blaine	Glass	Moses	Thomas, Idaho
Borah	Glenn	Neely	Thomas, Okla.
Bratton	Goldsborough	Norbeck	Townsend
Brookhart	Gore	Norris	Trammell
Broussard	Grammer	Nye	Tydings
Bulkley	Harrison	Oddie	Vandenberg
Bulow	Hastings	Patterson	Wagner
Byrnes	Hatfield	Pittman	Walcott
Capper	Hawes	Reed	Walsh, Mass.
Caraway	Hayden	Reynolds	Walsh, Mont.
Connally	Howell	Robinson, Ark.	Watson
Coolidge	Hull	Robinson, Ind.	Wheeler
Copeland	Johnson	Russell	White
Costigan	Kean	Schuyler	
Couzens	Kendrick	Sheppard	
Cutting	Keyes		

The VICE PRESIDENT. Eighty-nine Senators having answered to their names, a quorum is present. The hour

of 1 o'clock having arrived, the Chair lays before the Senate the petition for cloture. Under the rule the roll should be called, but as the roll has just been called, without objection, that order will be dispensed with. Is there objection? The Chair hears none. The question is, Is it the sense of the Senate that the debate be brought to a close? The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BLAINE (when his name was called). I have a pair with the senior Senator from Kentucky [Mr. BARKLEY] and the junior Senator from Iowa [Mr. DICKINSON], both of whom would vote "yea." I transfer that pair to the senior Senator from Oregon [Mr. McNARY] and vote "nay."

Mr. DICKINSON (when his name was called). I have a pair with the senior Senator from Kentucky [Mr. BARKLEY], as announced by the Senator from Wisconsin [Mr. BLAINE]. Therefore I withhold my vote. If the Senator from Kentucky [Mr. BARKLEY] and myself were permitted to vote, we both would vote "yea."

Mr. GORE (when his name was called). Present.

Mr. HASTINGS (when Mr. HEBERT's name was called). The junior Senator from Rhode Island [Mr. HEBERT] and the senior Senator from Maine [Mr. HALE], both of whom are necessarily absent, are paired with the senior Senator from Washington [Mr. DILL]. If Senators HALE and HEBERT were present, they would vote "yea," and I understand Senator DILL would vote "nay."

The roll call was concluded.

Mr. DICKINSON. I find I can transfer my part of the pair to the junior Senator from Illinois [Mr. LEWIS], which I do, and vote "yea."

Mr. FESS. I wish to announce the necessary absence of the Senator from Maine [Mr. HALE].

Mr. STEINWER. I wish to announce the absence of the senior Senator from Oregon [Mr. McNARY] on account of illness.

The roll call resulted—yeas 58, nays 30, as follows:

YEAS—58			
Ashurst	Couzens	Keyes	Smith
Austin	Dickinson	King	Steinwer
Bailey	Fess	Logan	Stephens
Bankhead	Fletcher	McGill	Swanson
Barbour	Glass	McKellar	Thomas, Idaho
Bingham	Glenn	Metcalf	Townsend
Black	Goldsborough	Neely	Tydings
Bratton	Grammer	Patterson	Vandenberg
Broussard	Harrison	Pittman	Wagner
Bulkley	Hastings	Reed	Walcott
Bulow	Hawes	Robinson, Ark.	Walsh, Mass.
Byrnes	Hayden	Schall	Walsh, Mont.
Connally	Hull	Schuyler	White
Coolidge	Johnson	Sheppard	
Copeland	Kendrick	Shortridge	
NAYS—30			
Blaine	Davis	Moses	Shipstead
Borah	Frazier	Norbeck	Smoot
Brookhart	George	Norris	Thomas, Okla.
Capper	Hatfield	Nye	Trammell
Caraway	Howell	Oddie	Watson
Costigan	Kean	Reynolds	Wheeler
Cutting	La Follette	Robinson, Ind.	
Dale	Long	Russell	
NOT VOTING—8			
Barkley	Dill	Hale	Lewis
Carey	Gore	Hebert	McNary

The VICE PRESIDENT. On the motion the yeas are 58, the nays are 30. Two-thirds not having voted in the affirmative, the motion is lost.

Mr. THOMAS of Oklahoma. Mr. President, I wish to make a statement not to take more than one minute. I remind those on this side of the aisle that on a former historic occasion, when the South was sought to be enslaved under the force bill, a famous Democratic Senator by the name of Arthur P. Gorman and a famous Democratic Speaker of the House by the name of Sam Randall saved the South.

To-day I regret to know that those on my side of the Chamber, through the use of the same power sought to be imposed over 40 years ago, are seeking to enslave the people of the Nation, both North and South.

Mr. ROBINSON of Arkansas. Mr. President, I believe the statement just made by the Senator from Oklahoma [Mr.

THOMAS] is unaccountable and incomprehensible. Anyone who imagines that the preservation of the Union is involved in the right of two or three Senators, combining with those who would like to embarrass the country and embarrass those who would like to do business in this body, represents a mental process that is utterly beyond my comprehension. I realize that many Senators here—not only from the South but also from the West and from the Middle West—feel a repugnance toward the imposition of cloture, and for that reason, condemning, in their judgment, the practices that have prevailed here, have declined to vote for cloture.

I wish to say to the Senator from Oklahoma that the time has come when the United States Senate ought to demonstrate its ability to do business or else take the censure and condemnation which is being heaped upon it by the patriotic people of this Nation without regard to their political affiliations.

The leadership on the other side of the Chamber, repudiated in the cloture vote by many Republican Senators, which has contributed to this effort to make the Senate ridiculous in order to embarrass the incoming administration, has already found a day of judgment. They have already been compelled to meet the test of failure by the American people.

There is not involved in this issue any question as to the merit or demerit of a particular amendment. The question involved is whether at a time when the country is suffering from a depression unparalleled in its history, at a time when legislation is badly needed, the Senate will demonstrate its unfitness and its incapacity to do business. Why not debate these issues, determine them upon their merits, and let a majority of the Senate decide?

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. BORAH. Mr. President—

Mr. ROBINSON of Arkansas. I yield to the Senator from Idaho.

Mr. BORAH. I send to the desk a proposed unanimous-consent agreement and ask that it may be read.

The VICE PRESIDENT. Let it be reported.

The Chief Clerk read as follows:

It is agreed by unanimous consent that no Senator shall speak longer than 1 hour upon the pending bill nor longer than 30 minutes on any amendment offered to said bill.

The VICE PRESIDENT. Is there objection?

Mr. LONG. Mr. President, I ask to be heard for just a moment.

The VICE PRESIDENT. Is there objection to the agreement?

Mr. LONG. I wish to make a brief statement.

The VICE PRESIDENT. Is there objection to the Senator from Louisiana making a statement?

Mr. BORAH. Mr. President, will not the Senator permit the proposed agreement to be acted upon and then hold the floor?

Mr. LONG. I ask just for two minutes. I am sorry that the Senator—

The VICE PRESIDENT. Is there objection to the Senator from Louisiana proceeding? The Chair hears none.

Mr. LONG. I am sorry that the Senator from Oklahoma and the Senator from Arkansas saw fit to make any statement at all, because we had agreed, unanimously we thought, following the vote just taken, that we would agree to what had been understood here yesterday. But I can not let the statement of the Senator from Arkansas go unchallenged. The Senator from Arkansas, Mr. President, is not speaking the sentiments of the Democrats of the United States; he is not speaking the sentiments of the Democrats of the South; he is not speaking the sentiments of the Democrats of Louisiana; he is not speaking the sentiments of the Democrats of Arkansas in the statement he has made here this morning.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Arkansas?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. By what authority or right does the Senator from Louisiana assume that he is the spokesman for the Democrats of the Nation, or for those of the State of Arkansas or other States?

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Is there objection to the unanimous-consent agreement?

Mr. LONG. Just a moment. May I answer the question the Senator from Arkansas propounded? By election returns. [Laughter and manifestations of applause in the galleries.]

The VICE PRESIDENT. There must be no demonstrations in the galleries.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. The Senator from Arkansas.

Mr. ROBINSON of Arkansas. The election returns drove out of authority the members of the Senator's cabinet, as some have designated them, the Members on the other side of the Chamber, the so-called leaders, the Senator from Indiana [Mr. WARSON] and the Senator from New Hampshire [Mr. MOSES], who have joined him in an effort to prevent the Senate from reaching a conclusion. I still assert, with all the power and emphasis at my command, that it is the duty of the Senate of the United States to go forward and do business and not make a pitiable and contemptible spectacle of itself.

The VICE PRESIDENT. Is there objection to the proposed agreement submitted by the Senator from Idaho [Mr. BORAH]?

Mr. BORAH. Mr. President, if we can not secure action on the proposed agreement, I myself am going to make a speech. [Laughter.]

The VICE PRESIDENT. Is there objection to the request for unanimous consent proposed by the Senator from Idaho? The Chair hears none, and it is so—

Mr. GLASS. Mr. President, reserving the right to object, what assurance has the Senator from Idaho that unanimous consent will be given to his request?

Mr. McKELLAR. It has already been granted.

Mr. GLASS. No; it has not been granted.

Mr. McKELLAR. Yes; it has.

Mr. GLASS. No; because I myself am reserving the right to object.

Mr. BORAH. I consulted on both sides of the Chamber those who are interested in the bill, including the Senator from Virginia, and I had the approval of all, so far as I could make contact with them, that it was satisfactory to them.

Mr. GLASS. I merely wanted to call the Senator's attention to the fact that it was announced vehemently on the floor yesterday that unless the petition for cloture were withdrawn there would be no unanimous consent for the remainder of this pending session of Congress.

Mr. BORAH. Mr. President, if the Senator will permit me, I think this request for unanimous consent will be adopted in about a minute and a half.

Mr. ROBINSON of Arkansas. I hope the proposal will be agreed to.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I yield.

Mr. THOMAS of Oklahoma. In order that there may be no misunderstanding, let me say that I served notice on yesterday that unless the petition for cloture were withdrawn and thereafter cloture was adopted there would be no business done by unanimous consent. The Senator was mistaken as to the notice which I gave.

Mr. BORAH. Mr. President, I ask that the request be put.

Mr. ROBINSON of Arkansas. Question!

The VICE PRESIDENT. Is there objection to the request for unanimous consent submitted by the Senator from Idaho? The Chair hears none, and it is so ordered.

The question now is on the amendment of the Senator from Louisiana [Mr. LONG] to the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. The Senator from Utah.

Mr. SMOOT. Mr. President, I wish to announce that I am in favor of the bill known as the Glass banking bill. The reason why I voted against cloture was that we have been dilly-dallying here day in and day out, adjourning at about 5 o'clock every day and getting nowhere at all; and I thought, before resorting to cloture, we ought to show a disposition on the part of the Senate to pass the bill. Up to the present time such a disposition has not been indicated. I recall other conditions under which cloture would have been in order when the Senate held day sessions and night sessions day in and day out and night in and night out, but there has been no such manifestation on the part of the Senate to force a vote on this bill by talking.

Now, let us discuss the bill. I am willing to remain here all night to-night and all night the next night, I am willing to work until the bill shall be passed, and I want to have the bill passed; but I did not want to impose cloture at this particular time.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Louisiana to the amendment offered by the Senator from Michigan.

SEVERAL SENATORS. Vote!

Mr. BLAINE. Mr. President, I doubt very much if many Members of the Senate know the exact status of the pending amendment. We are all familiar with the text of the amendment offered by the Senator from Louisiana [Mr. LONG], but I had assumed that the Senator from New Mexico [Mr. BRATTON] had an amendment which he would offer, which, in all probability, would dispose of the amendment offered by the Senator from Louisiana and the amendment proposed by the junior Senator from Michigan [Mr. VANDENBERG], and also dispose of the subject of branch banking. I observe, however, that the Senator from New Mexico is not at present on the floor. It has been suggested to me that perhaps the junior Senator from Montana [Mr. WHEELER] has the text of the amendment which will be proposed, if one is to be proposed by the Senator from New Mexico.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Massachusetts?

Mr. BLAINE. I yield.

Mr. WALSH of Massachusetts. Would the Senator be willing to advise the Senate as to the particular pending amendment in regard to branch banking which he favors?

Mr. BLAINE. I understood that on yesterday there was some composition of minds and purposes and that the Senator from New Mexico had perfected or would ask to have perfected the amendment which he had sent to the desk and which has been printed and is now on the table, but which is not now pending.

Mr. WALSH of Massachusetts. Has the Senator seen the text of that amendment?

Mr. BLAINE. I have seen the text of that amendment.

Mr. WALSH of Massachusetts. I inquire of the Senator where one may obtain a copy of it.

Mr. BLAINE. In the absence of the Senator from New Mexico I would rather not discuss it.

Mr. BRATTON entered the Chamber.

Mr. WALSH of Massachusetts. I see the Senator from New Mexico is now in the Chamber. Would the Senator from Wisconsin be willing to yield in order that the Senator from New Mexico might read to the Senate the revised amendment he intends to propose?

Mr. BLAINE. Mr. President, as I understand the parliamentary situation, the amendment offered by the Senator from Louisiana to the amendment offered by the junior Sen-

ator from Michigan is the pending question. I am not informed whether or not disposition can be made of those amendments very quickly and the substitute amendment may be offered by the Senator from New Mexico. The question has been asked whether I am informed about the text of that amendment. I did not desire to attempt to state the text of the proposal from memory.

Mr. BRATTON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New Mexico?

Mr. BLAINE. I yield.

Mr. BRATTON. I should be glad to read to the Senator the text of the amendment as it will read after it has been perfected, as I intend to perfect it before it shall be offered.

Mr. WALSH of Massachusetts. I wish the Senator would do that.

Mr. BRATTON. If the Senator from Wisconsin will indulge me, it will then read as follows—

The VICE PRESIDENT. The Senator from Wisconsin has yielded for that purpose.

Mr. BRATTON. As proposed to be perfected, the amendment would read as follows:

(c) A national banking association may, with the approval of the Comptroller of the Currency, establish and operate new branches within the limits of the city, town, or village, or at any point within the State in which said association is situated, if such establishment and operation are at the time expressly authorized for State banks by the law of the State in question. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than \$500,000.

Mr. WALSH of Massachusetts. I inquire if the amendment which the Senator from New Mexico has read about branch banking meets with the approval of the Senator from Virginia?

Mr. GLASS. In a sense, yes; and in a sense, no. I prefer the amendment offered by the junior Senator from Michigan [Mr. VANDENBERG], but in the event that that should not meet the concurrence of the Senate I would welcome the other amendment.

Mr. WALSH of Massachusetts. I thank the Senator.

Mr. BULKLEY and Mr. BRATTON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. BLAINE. I yield first to the Senator from New Mexico. Then I will yield to the Senator from Ohio.

Mr. BRATTON. Mr. President, I may say to the Senator from Wisconsin, and likewise to the Senator from Massachusetts, that it is my purpose to offer this amendment as a substitute at the first opportunity.

Mr. BLAINE. May I inquire further of the Senator if this language is embraced in the amendment which he proposes?—

And under restrictions as to location imposed by the law of the State on State banks.

Mr. BRATTON. Mr. President, that is not included in the text as I read it. The Senator from Wisconsin suggested that amendment to me; and if he proposes it, I shall be agreeable to it.

Mr. BLAINE. I thank the Senator.

Mr. BULKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. BLAINE. I do.

Mr. BULKLEY. I desire to call attention to the fact that the amendment offered by the Senator from New Mexico [Mr. BRATTON] is not necessarily a substitute for the amendment of the Senator from Michigan [Mr. VANDENBERG] and is not inconsistent with it in any way. The amendment of the Senator from Michigan relates to preventing competition by a branch of a large bank against an existing unit bank; whereas the amendment of the Senator from New Mexico could go right along beside that, because it provides only for limitation within the requirements of State laws.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Wisconsin agree that we may have printed in the RECORD now the amendment of the Senator from Michigan, in order that we may have both of these amendments for purposes of comparison?

Mr. BLAINE. I have no objection.

Mr. WALSH of Massachusetts. I make the unanimous-consent request that the amendment of the Senator from Michigan [Mr. VANDENBERG] be printed in the RECORD in order that comparison may be made between that and the amendment of the Senator from New Mexico [Mr. BRATTON].

The VICE PRESIDENT. Is there objection?

Mr. GLASS. Mr. President, if the Senator will yield, the Senator may obtain a printed copy of the amendment.

The VICE PRESIDENT. Does the Senator withdraw his request?

Mr. WALSH of Massachusetts. No; I make my request for the sake of completing the RECORD.

The VICE PRESIDENT. Is there objection to printing the amendment in the RECORD? The Chair hears none.

Mr. COPELAND and Mr. FLETCHER addressed the Chair.

Mr. BLAINE. I yield to the Senator from Florida.

The VICE PRESIDENT. Will the Senator suspend? The Senator from New York was on his feet, intending to object.

Mr. COPELAND. Reserving the right to object.

The VICE PRESIDENT. Reserving the right to object; so the Chair will withdraw the statement that unanimous consent was granted.

Mr. COPELAND. What was the request of the Senator?

Mr. WALSH of Massachusetts. The Senator from New Mexico [Mr. BRATTON] has read his proposed amendment dealing with the subject of branch banking. The Senator from Ohio [Mr. BULKLEY] states that it is not particularly different in language from the amendment of the Senator from Michigan. Therefore, I ask that both be printed in the RECORD for the sake of comparison.

Mr. BULKLEY. Mr. President, the Senator misunderstood me. I did not say it was not different; I said it was not inconsistent. Both amendments could be adopted and have a consistent section.

Mr. WALSH of Massachusetts. I appreciate the suggestion.

Mr. COPELAND. May I ask the Senator to include also the amendment which I offered on the 9th of May, which bears on the same subject, so that the three may be printed?

Mr. WALSH of Massachusetts. If the Senator makes that request, there will be no objection, I am sure.

The VICE PRESIDENT. Is there objection to the modified request to print the three amendments in the RECORD? The Chair hears none, and it is so ordered.

Mr. WALSH of Massachusetts. That clarifies the situation very much.

The amendments are as follows:

Amendment intended to be proposed by Mr. BRATTON: On page 46, beginning with line 17, strike out all through line 8, page 47, and insert in lieu thereof the following new paragraph:

"(c) A national banking association may, with the approval of the Comptroller of the Currency, establish and operate new branches within the limits of the city, town, or village, or at any point within the State in which said association is situated, if such establishment and operation are at the time expressly authorized for State banks by the law of the State in question. No such association shall establish a branch outside of the city, town, or village in which it is situated unless it has a paid-in and unimpaired capital stock of not less than \$500,000."

Amendment proposed by Mr. VANDENBERG: On page 45, line 8, after the period insert the following: "Except in a city, town, or village where there is no national or State bank regularly transacting customary banking business, no such association shall establish a branch except by taking over a unit bank existing at the time of the enactment hereof or an affiliate of such association."

Amendment intended to be proposed by Mr. COPELAND: On page 44, line 24, after the word "situated," insert a comma and the following: "if such establishment and operation are at the time permitted to State banks by the law of the State in question."

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Florida?

Mr. BLAINE. I yield.

Mr. FLETCHER. As a humble member of this committee that sat for days and days and weeks and weeks on this bill, I desire to say that I am not willing to agree to either of these amendments. I think the bill ought to be passed as it is reported here, and I wish to be heard on that subject. I do not want this provision for branch banking practically destroyed by the proposals now being made.

Mr. BLAINE. Mr. President, I desire to inquire of the Chair how much of my time has been consumed by other Senators.

The VICE PRESIDENT. The Senator has 10 minutes left.

Mr. BLAINE. Of the 30 minutes?

The VICE PRESIDENT. Ten of the thirty minutes.

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent that the discussion that has taken place be eliminated from the computation of the Senator's time.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Chair will recognize the Senator from Wisconsin for a half hour, in view of the time that has been taken up in asking and answering questions.

Mr. BLACK. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Alabama?

Mr. BLAINE. For a question.

Mr. BLACK. I simply want to ask a question. Does the Senator understand that under this substitute that is to be offered branch banking will be allowed in a State if the State permits branch banking under State law?

Mr. BLAINE. That is the purport of the amendment.

Mr. BLACK. Is the Senator supporting that amendment?

Mr. BLAINE. I am not going to discuss that amendment at the present time.

Mr. BLACK. Mr. President, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLACK. I wish to vote against all branch banking. I am not satisfied with that amendment. I desire to know if it will be in order to move to strike out—

Mr. BLAINE. I suggest that my time is expiring.

The VICE PRESIDENT. The Senator from Alabama may submit his parliamentary inquiry.

Mr. BLACK. I am submitting a parliamentary inquiry.

Mr. BLAINE. I beg the Senator's pardon.

Mr. BLACK. I desire to know if it will be in order, before this substitute or amendment is voted upon, to vote upon a motion to strike out the section of the bill which provides for branch banking.

The VICE PRESIDENT. The Senate has a right to perfect the provision before a motion to strike out is in order.

Mr. BLACK. Mr. President, a further parliamentary inquiry: Then the only way to reach the matter would be to make a motion to strike out the entire section with reference to branch banking, if this substitute should be adopted?

The VICE PRESIDENT. After all the amendments are offered and passed upon, a motion to strike out would be in order.

The Senator from Wisconsin is recognized.

Mr. BLAINE. Mr. President, I desire to address my remarks to the pending amendment.

It is not my intention to repeat what I said at the last session of Congress in opposition to branch banking, but I am sure that those who are present now may not have had occasion to be present at that time. I desire to point out briefly, therefore, that under a branch-banking system, such as is proposed by section 19 of the pending bill, the respective communities in which branch banks may be located will be deprived of a source of revenue in the way of taxation to which they are entitled under a unit system of banking. In a State that imposes an income tax, the larger portion of which goes to the town, city, or village in which the branch bank has its place of business, smaller communities—in fact, all communities—will have siphoned out of them that source of revenue.

If the State imposes an ad valorem tax on intangibles, then there would be no intangibles to be taxed against the branch bank. In either case the only tax that could be imposed would be a tax upon the bank building and the fixtures within the bank. Thus branch banking will have the tendency to drain communities not only of credit and cash but also of tax money.

I pointed out during the last session that after all our public schools, our libraries, our courthouses, our health undertakings, police protection, sanitation, and all of the things that are worth while to a people are paid for through payments by the local taxpayer into the local treasury; and under those circumstances it seems to me that it would be unfair to create a system by which these communities, which need the tax money so badly to support those worth-while institutions, would have that money siphoned out into some central and larger city. That would be particularly oppressive to the smaller communities.

I also pointed out that branch banking in Canada was safe because, under the Canadian system of banking, those banks do not take a chance. In other words, they do not extend credit. Since they do not extend credit, of course they do not have the bank failures that we have had in the United States. Had the banks, State or national, in the United States declined and refused credit to agriculture such as has been denied under the law of the Dominion of Canada to agriculture, and, for that matter, to the home owner, our local banks in many instances would not have failed.

As I pointed out before the vote on the cloture rule, the literature upon this question is very meager, but I find from some of the articles that have been printed in financial publications some very interesting facts in connection with branch banking in Canada.

First, under the branch-banking system of Canada those banks do not loan upon real estate. Therefore, during the last 10 or 12 years, when agriculture has been going through this terrific depression here in America and the same thing has been going on in Canada, the branch banks having no loans upon real estate, no loans upon farms, no loans upon homes, of course had no losses due thereto. Here in America, however, it was the unit, independent bank that supported agriculture, supported the home owner, supported industry, and supported business and commerce all over the United States. It took the chance. The unit banking system is not responsible for the failures that have taken place in America.

Another very interesting fact respecting the branch banking system in Canada:

Under the Dominion laws I find a most oppressive system. For instance, take a bank in Montreal. As I understand and as the literature discloses, all of the parent banks in Canada are located in the eastern part of Canada, largely in Montreal and Ottawa. I do not understand that there is a single parent bank in the western portion of Canada. There are a few branch banks, and those are largely receiving stations. I want to point out the oppressive system under which the branch banking institutions of Canada operate against the borrower.

Let me say, in passing, that the branch banking system of Canada does give some intermediate credit to agriculture and to business and, of course, largely to commerce. Outside of that, it does not extend credit to the farmer or the home owner.

The branch banks of Canada may make loans upon standing timber. Let me trace the steps through which that timber may go and yet the lien on that timber remain intact. Take, for instance, a bank lending \$100,000 on standing timber in the western portion of Canada. It files its lien. When that timber is cut into logs, that lien still attaches to the logs. When those logs are sawed into lumber, that lien still attaches to the lumber. That lien attaches to that material, which in the first instance was a raw material, until the debt is discharged, no matter into what processes the timber may go.

Take pulpwood, for instance. The branch-banking system of Canada may lend money on the standing timber out of which pulpwood is made. It is cut into cordwood for pulpwood. It is transported. That lien attaches to that cordwood pulpwood. Then it is ground into pulp. The lien still attaches to the pulp. The pulp then is made into paper, and the lien still attaches to the paper made out of the pulpwood. So that under the Canadian system of banking there is a method designed by which the lien attaches all the way from the raw material until it reaches the finished product, thus affording a security which does not obtain here in the United States.

It has been that system which obtains in the Dominion of Canada—of attaching the lien through the various processes—that has made loans secure. In the very system that denies loans to farmers and home owners we find the reason why bank failures have not been prevalent in Canada.

I want to read two excerpts, one taken from the Times Trade and Engineering Supplement of July 27, 1931, as follows:

DOMINION OF CANADA

[From an Ottawa correspondent]

There has been considerable criticism, chiefly coming from the west, of the banking system for its failure to provide adequate credit for the farmers. Undoubtedly the banks, in view of the severity of the agricultural depression, have shown a disposition to be extremely conservative in making loans to farmers this spring, and opposition papers and politicians have freely assailed them for their hard-heartedness—

The loans to which reference is made are loans under an intermediate-credit system, and not loans upon the real estate. I continue the article:

Further, Mr. Weir, the Minister of Agriculture, was moved to utter, in speeches at Toronto and at Montreal, solemn warnings to the banks that they must not restrict the credit of deserving farmers, and that if they did not supply the proper banking services somebody else would. The western criticism of the banks came to a head in a debate in Parliament on May 13, when Mr. Coote, a Progressive member who had at one time been a bank manager, moved a resolution urging the establishment of a state-owned central bank. He contended that the existing banking system did not provide adequate service for certain elements in the community, particularly the farmers, and that a central bank was urgently needed to control price fluctuations.

Therefore, it can not be said that the branch-banking system of Canada is serving agriculture or the home owner.

Again I read from the Economist, of London, an article dated October 10, 1932, on Banking in Canada. The article follows:

The agricultural depression in the prairie country, aggravated this year by a partial crop failure, has left the banks with a quantity of loans to farmers whose liquidation must perforce be postponed—

It was intermediate-credit loans—

and they have been subjected to a considerable barrage of criticism from western politicians for their present conservative attitude toward further loans to farmers.

I now quote this from Commerce and Finance, Canadian section, of June 1, 1932:

Another factor which under certain conditions has lent great strength to Canadian banking practice is the fact that as a rule Canadian banks carry no loans on real estate. The Canadian bank act makes it legally impossible for a bank to make a mortgage loan. Otherwise no restrictions are imposed on the character of investments which banks may hold, but the Government returns indicate that in practice the Canadian banks have been most conservative in this respect.

Summed up, therefore, the branch banking system of Canada is nothing more than a purely commercial banking system. It does not furnish money for agriculture, it does not furnish money for home owners, it has a system by which the security taken for a loan advanced as an intermediate credit attaches to the raw material from the inception of the security until that raw material enters the finished product. Therefore, anyone who purchases any product made from such raw material must observe whether or not the loan has been paid, whether or not the lien has been discharged.

We have not that system in the United States, and if we had that system here I am sure that to-day there would be practically no credit in the United States to be furnished by the banks of this country.

Mr. President, under the restriction as to time I will have to chop my remarks up into several parts.

The VICE PRESIDENT. The Senator has about 10 minutes left until 2 o'clock.

Mr. BLAINE. On the pending amendment?

The VICE PRESIDENT. Yes.

Mr. BLAINE. Within those 10 minutes I want to call attention to another very important feature in connection with branch banking in Canada. There have been branch banks in Canada which have failed. I will not go into the details, as that matter was all reviewed at the last session of the Congress. But I want to emphasize the point that when a bank takes no chances, when a bank does not advance money to agriculture, or to home owners, when a bank engages only in commercial transactions, secured as the branch banks of Canada have their loans secured, it must be perfectly obvious that if we had that system of banking here in the United States commerce and industry would be paralyzed and could not operate. Our country is so vast, our interests are so numerous, the complexity of our industry and commerce is so great, that a branch banking system such as that operated in Canada would not serve the best interests of our country.

The only claim made for branch banking is the security it affords, and those who make that claim point to the success of branch banking in Canada. It appears to me, Mr. President, with the brief explanation I have undertaken to make respecting the branch-banking system of Canada, it could not be used as a comparison with American banking, that if the branch-banking case rests upon the Canadian system, by analogy, by comparison, or by practice, then the argument for branch banking in the United States must fall.

Those who desire to have branch banking established on a wide scale in the United States, it seems to me, should be required to present to the Senate something more than declarations and declamations. That is all we have. It is all that is contained in the testimony taken before the Committee on Banking and Currency; it is all that is contained in the testimony taken by the subcommittee, declarations and declamations; but that is not evidence.

Mr. President, my time has expired. I do not want to discuss the bill as a whole at this time. I may desire further to discuss the branch-banking proposition in connection with some other amendment.

Mr. FLETCHER obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, I understand the Senator from Florida is to discuss the whole question of branch banking and is opposed to all the pending amendments.

Mr. FLETCHER. That is correct.

Mr. WALSH of Massachusetts. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FRAZIER in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Howell	Pittman
Austin	Couzens	Hull	Reed
Bailey	Cutting	Johnson	Reynolds
Bankhead	Dale	Kean	Robinson, Ark.
Barbour	Davis	Kendrick	Robinson, Ind.
Bingham	Dickinson	Keyes	Russell
Black	Fess	King	Schall
Blaine	Fletcher	La Follette	Schuyler
Borah	Frazier	Logan	Sheppard
Bratton	George	Long	Shipstead
Brookhart	Glass	McGill	Shortridge
Broussard	Glenn	McKellar	Smith
Bulkeley	Goldsbrough	Metcalf	Smoot
Bulow	Gore	Moses	Steiwer
Byrnes	Grammer	Neely	Stephens
Capper	Harrison	Norbeck	Swanson
Caraway	Hastings	Norris	Thomas, Idaho
Connally	Hatfield	Nye	Thomas, Okla.
Coolidge	Hawes	Oddie	Townsend
Copeland	Hayden	Patterson	Trammell

Tydings
Vandenberg
Wagner

Walcott
Walsh, Mass.

Walsh, Mont.
Watson

Wheeler
White

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present. The Senator from Florida has the floor.

Mr. FLETCHER. I would not take up a moment's time of the Senate if it interfered in any way with an early vote on the bill. I would be glad to have the vote taken immediately on each and every amendment and on through to the final vote on the bill, but I know there is going to be considerable discussion, so I feel justified in submitting a few observations, particularly with reference to the branch-banking feature of the bill, which I shall reach in a moment.

I am delighted to see the Senate taking the bill seriously. Evidently there is prospect of action on the bill within a reasonable time, and I think that will be a great thing for the country. I think the legislation is needed, very greatly needed. There is a demand everywhere, and all thoughtful people recognize, I believe, the importance of some reform in our banking and currency legislation.

This point has been called to the attention of the Senate on previous occasions, but I think it worth while to mention it again by way of impressing it, if I may, upon the minds of Senators, particularly those who have not had the time to go into all the details of the bill and study the whole problem. In pursuance of resolution 71, adopted at the second session of the Seventy-first Congress, this matter was taken up by the Committee on Banking and Currency of the Senate. A subcommittee was appointed to study the bill, to hold hearings, and investigate and go into the whole question fully. The distinguished Senator from Virginia [Mr. GLASS] was chairman of that subcommittee. The subcommittee spent weeks and months studying the whole problem. They invited the experts and so-called experts, the economists, bankers, industrialists, and all who had any views to submit in reference to it. Extensive hearings were held.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. FLETCHER. I yield.

Mr. LONG. I know the Senator does not want to state the facts incorrectly, and in order to get the record before him, in the presence of the Senator from Virginia [Mr. GLASS], let me say that I have here a transcript of just what was done with this particular bill, furnished me this morning by my colleague from Oklahoma [Mr. THOMAS]. It shows very clearly from a reading as to this particular bill, as I understand it—and if I am wrong about it I want to be corrected—that there were no hearings held at all on this bill which we are now discussing. I am not talking about the subject matter.

Mr. FLETCHER. I will explain that in a moment, if the Senator will hear me through.

The bill as originally introduced was revised a number of times. Probably there have been three or four different prints and redrafts of the bill. The subcommittee made many changes in it. Then the subcommittee, after hearings extending over a period of something like a year, made its report to the full committee with a reprint of the re-drafted bill. The bill now before us is the final draft. It is not the original bill as it was introduced. The original bill was altered three or four different times. As a result of all those hearings before the subcommittee, many changes were made in an effort to adjust differences between those who had views to submit and in order to arrive at a final conclusion.

The subcommittee reported to the full committee. The full committee then held hearings extending over a period of some three or four months. In other words, there had been about 18 months of time spent on the bill. I say "the bill." I mean the original bill. Finally, the full committee, after hearings and after examination of the subcommittee hearings and after the report of the subcommittee, went over the subject matter and the bill line by line and word

by word, spending three or four months of time on it, and the full committee agreed upon this bill as the final draft of the measure which had been originally introduced by the Senator from Virginia.

Mr. LONG. I admit all the Senator says; but I want to ask the Senator this question: Is it exactly regular, even though the committee did after hearings decide that they ought to have another bill, then to introduce another bill covering volumes of business as this bill does? Is that exactly regular—to introduce it and have it reported back and put on the calendar the same day?

Mr. FLETCHER. Yes, I will say to the Senator, it is entirely regular. It is in accordance with the practice. I remember when the farm loan bill was introduced. I introduced a bill to establish the farm-loan system. It was referred to the Banking and Currency Committee. That committee referred it to a subcommittee. The subcommittee reported it back with amendments. Then the bill was reintroduced, even by another Senator, taking a different title, which included my bill with certain amendments to which the committee had agreed. Instead of reporting my bill with the amendments, they acted upon a bill which embodied substantially all of the material of my bill so as to avoid reporting the bill with a lot of lines stricken out and a lot of lines inserted—in a word, a mutilated bill.

That was the course pursued in this case, except that the Senator from Virginia introduced the original bill and introduced this one and has remained in charge of it. This bill is the bill as finally agreed upon by the Banking and Currency Committee, reported the same day that it was introduced, but it is the bill that was introduced as the final draft of the original bill without setting out all sorts of amendments and changes that had been made. A new clean copy of the bill was introduced and reported out embodying the work of the subcommittee and the full committee, and is the last expression upon the whole subject. I think it is worth while to remember that.

It is hardly safe, but rather risky, I submit, for Senators on the floor to introduce on first impression amendments to a bill which has been so sifted, so examined, so studied, and so framed after months and months of investigation and hearings and study. An amendment now would appear to be harmless in a way; some Senator might think, "I can improve this bill if I offer this amendment," but he does not reflect that it may change other features of the bill; that it would deviate and alter the whole structure of the bill in some respects. Certain amendments, of course, might be perfectly harmless and might be agreed to. Take section 19, for instance; it is a short section, all by itself, covers one subject, and anyone who wants to deal with that subject alone may be justified in offering an amendment to meet the situation which he may have in mind.

Now, I wish to impress upon the Senate the fact that this is not a hastily drawn or hastily considered or immaturely considered bill. It is a bill which was worked on laboriously and devotedly by the subcommittee, of which the distinguished Senator from Virginia was chairman, for some 12 months, and for 3 or 4 months after that, as reported by the subcommittee, was under hearing and investigation and study by the full committee. This bill is the final result of all that work and all that study and all that consideration, and it seems to me that the Senate ought to understand that it is the result of such effort and study, after hearing from all parts of the country, extending over months and months of time.

Mr. LONG. Mr. President, will the Senator permit me to ask him another question?

Mr. FLETCHER. Of course, the Senator realizes that my time is limited.

Mr. LONG. I will ask unanimous consent that such time as I may consume in asking the Senator the question shall not be deducted from his time. I ask unanimous consent to that effect.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. FLETCHER. I yield to the Senator from Louisiana.

Mr. LONG. Why does the Senator want to take the Secretary of the Treasury of the United States off the Federal Reserve Board?

Mr. FLETCHER. Mr. President, that subject was gone into quite extensively by the Senator from Virginia in his argument. He bases the proposal not only on his experience and knowledge as a member of the Banking and Currency Committee of the House and as a member of the Banking and Currency Committee of the Senate but as Secretary of the Treasury. In his view the dominating influence of the Secretary of the Treasury on that board is not wise.

Mr. LONG. I am not talking about the opinion of the Senator from Virginia, but, in the opinion of the Senator from Florida, is it better for the Government to be taken out of this picture in running the Federal Reserve Board? I repeat, I am not asking the Senator from Florida what is the opinion of the Senator from Virginia; but the Senator from Florida has been here longer than has the Senator from Virginia, and I ask him if he has ever advocated, or does he advocate now, that we ought to take the Secretary of the Treasury, representing the Government, off the board?

Mr. FLETCHER. I do. I think that is a wise provision in the bill. I think the board ought to be, as far as possible, independent and not controlled or dominated by the Treasury Department of the Government.

Mr. LONG. It is the Government, of course, that gives the resources to it.

Mr. FLETCHER. Oh, yes. It is an advisory, supervising authority, and it ought not to be controlled or dominated by the Secretary of the Treasury or the Comptroller of the Currency or any official of that kind.

Mr. GLASS. Mr. President, the Senator from Florida does not mean to admit, I think, that the Government gives the Federal reserve system any resources?

Mr. FLETCHER. No. I did not understand the question of the Senator from Louisiana so to indicate.

Mr. LONG. I do mean to say that it gives it resources. By this bill the Government gives the system the excess-profits taxes, for one thing, which have heretofore been going into the United States Treasury. Then it gives it \$125,000,000 of the people's money to set up a liquidating corporation. Now, with the Treasury of the United States to be raked to the bottom to get several hundred million dollars, or, at least, I will say a few hundred million dollars, in the course of time, the Secretary of the Treasury is going to be taken off the board, with the Government putting up the money, whereas they left the Secretary of the Treasury on heretofore without the Government putting up the money. There seems to me to be all the more reason, with the Government putting up the money, why he ought to be left on the board.

Mr. FLETCHER. I do not understand that by this bill the Government is putting up any money for the Federal Reserve Board. The money of which the Senator speaks was not the taxpayers' money. It represented the earnings, over and above 6 per cent, of the Federal reserve banks themselves, and was in the nature of an excise tax taken by the Government out of the profits which the banks had earned. That money has not been earned by the people or by other banks; it has been earned by the reserve banks themselves. It was a tax on those banks.

Mr. LONG. It has been money of the Government up to this time, has it not?

Mr. FLETCHER. It was put into the Treasury under the law.

Mr. LONG. I say it is the money of the Government to-day, and the people of America get that money to-day. Now we are going to take it away from them and give it to the banks.

Mr. FLETCHER. No; it will not be given to the banks; it will be set aside as a fund for the protection of the people, for the protection of the depositors in banks.

Mr. LONG. Then, over and above that, we are giving them \$125,000,000 out of the Treasury of the United States. There is that much, and then a most complete franchise for a monopoly is being given to them. As compensation for

that I thought we were going to add the Secretary of Agriculture to the board, but, instead of that, it is proposed to give the banks this money of the Government, and, instead of adding another official of the Government to the board for our money, it is proposed to take the official representing the Government off the board.

Mr. FLETCHER. I do not see how the Secretary of the Treasury could be concerned in that.

Mr. GLASS. Mr. President, will the Senator yield to me for a moment?

Mr. FLETCHER. I yield to the Senator.

Mr. GLASS. I should like to invite the attention of the Senator from Florida to this fact: Of course, he knows that the Government is not giving the reserve banks a cent; he knows that in the bill as presented there was what we termed a recapture clause of \$125,000,000 that the Government never should have had on earth, because it never did a thing on earth to earn it. The Senator from Florida, of course, knows further that there is now on the desk pending or will soon be pending an amendment, drafted by me at a suggestion of the Senator from Montana, making that sum in the nature of a subscription to the joint stock of the liquidating corporation for the benefit of depositors in failed banks rather than the recapture from the Treasury of an inequitably obtained fund. The Senator from Florida knows that, and I think the Senate generally understands it.

Mr. LONG. If that is true, why not add another clause giving the banks back all the taxes they have ever paid to the United States? If that is the principle we are operating on, then all the taxes that have been collected from these banks ought never to have been collected and they ought not to have paid anything to help support the Government. If, as I understand, that is the position of the Senator from Virginia, then why not do a just act by taking the Comptroller of the Currency off the board, and giving them back all the ad valorem and franchise taxes the reserve banks have paid? Why not do complete justice in this matter?

Mr. GLASS. Mr. President, as a matter of fact, the Senator from Florida knows that by the text of the law these banks are all exempt from taxation, being agencies of the Government.

Mr. FLETCHER. This money does not go back to the banks.

Mr. LONG. As I understand, then, the Senator now contends that they are agencies of the Government. Heretofore the Senator said they are not agencies of the Government and ought to be divorced from the Government; and yet we are making them an agency of the Government and at the same time taking the representative of the Government off the board. That is the most inconsistent thing I have ever heard of, and I do not understand the theory of it.

Mr. FLETCHER. The whole board is a Government agency. The Government is represented even without the Secretary of the Treasury; it is not necessary for the Secretary of the Treasury to be a member of the board for the Government to be interested in its operations or in its work.

Mr. President, I was proceeding to say the need of legislation of this kind is apparent to every thoughtful citizen of the country. It is demanded by the situation in order to strengthen our financial structure, in order to increase banking facilities, to safeguard the rights and interests of depositors in banks, and to give reasonable stability and soundness to our banking and currency laws.

I need not refer to various authorities on that subject. I would be content now, as time is passing, with calling attention to the recent message of the President, in which he devotes nearly two pages—pages 6 and 7—to banking. He says:

The basis of every other and every further effort toward recovery is to reorganize at once our banking system. The shocks to our economic system have undoubtedly multiplied by the weakness of our financial system.

He goes on and discusses the subject quite at length, and mentions that bank failures rose in 1931 to 10½ per cent of all the banks, as compared to 1½ per cent of failures of all other types of enterprises. The President further states:

Since January 1, 1930, we have had 4,665 banks suspend, with \$3,300,000,000 in deposits. Partly from fears and drains from abroad, partly from these failures themselves (which, indeed, often caused closing of sound banks), we have witnessed hoarding of currency to an enormous sum, rising during the height of the crisis to over \$1,600,000,000.

Then he discusses the subject quite fully, and winds up by saying:

I wish again to emphasize this view: That these widespread banking reforms are a national necessity and are the first requisites for further recovery in agriculture and business. They should have immediate consideration as steps greatly needed to further recovery.

That is sufficient authority, I think, on the subject of the necessity for legislation of this kind. I ask to have that portion of the message entitled "Banking" inserted in the RECORD as part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

BANKING

The basis of every other and every further effort toward recovery is to reorganize at once our banking system. The shocks to our economic system have undoubtedly multiplied by the weakness of our financial system. I first called attention of the Congress in 1929 to this condition, and I have unceasingly recommended remedy since that time. The subject has been exhaustively investigated both by the committees of the Congress and the officers of the Federal-reserve system.

The banking and financial system is presumed to serve in furnishing the essential lubricant to the wheels of industry, agriculture, and commerce; that is, credit. Its diversion from proper use, its improper use, or its insufficiency instantly brings hardship and dislocation in economic life. As a system our banking has failed to meet this great emergency. It can be said without question of doubt that our losses and distress have been greatly augmented by its wholly inadequate organization. Its inability as a system to respond to our needs is to-day a constant drain upon progress toward recovery. In this statement I am not referring to individual banks or bankers. Thousands of them have shown distinguished courage and ability. On the contrary, I am referring to the system itself, which is so organized, or so lacking in organization, that in an emergency its very mechanism jeopardizes or paralyzes the action of sound banks and its instability is responsible for periodic dangers to our whole economic system.

Bank failures rose in 1931 to 10½ per cent of all the banks as compared to 1½ per cent of the failures of all other types of enterprise. Since January 1, 1930, we have had 4,665 banks suspend, with \$3,300,000,000 in deposits. Partly from fears and drains from abroad, partly from these failures themselves (which indeed often caused closing of sound banks), we have witnessed hoarding of currency to an enormous sum, rising during the height of the crisis to over \$1,600,000,000. The results from interreaction of cause and effect have expressed themselves in strangulation of credit which at times has almost stifled the Nation's business and agriculture. The losses, suffering, and tragedies of our people are incalculable. Not alone do they lie in the losses of savings to millions of homes, injury by deprival of working capital to thousands of small businesses, but also, in the frantic pressure to recall loans to meet pressures of hoarding and in liquidation of failed banks, millions of other people have suffered in the loss of their homes and farms, businesses have been ruined, unemployment increased, and farmers' prices diminished.

That this failure to function is unnecessary and is the fault of our particular system is plainly indicated by the fact that in Great Britain, where the economic mechanism has suffered far greater shocks than our own, there has not been a single bank failure during the depression. Again, in Canada, where the situation has been in large degree identical with our own, there have not been substantial bank failures.

The creation of the Reconstruction Finance Corporation and the amendments to the Federal reserve act served to defend the Nation in a great crisis. They are not remedies; they are relief. It is inconceivable that the Reconstruction Corporation, which has extended aid to nearly 6,000 institutions and is manifestly but a temporary device, can go on indefinitely.

It is to-day a matter of satisfaction that the rate of bank failures, of hoarding, and the demands upon the Reconstruction Corporation have greatly lessened. The acute phases of the crisis have obviously passed, and the time has now come when this national danger and this failure to respond to national necessities must be ended and the measures to end them can be safely undertaken. Methods of reform have been exhaustively examined. There is no reason now why solution should not be found at the present session of the Congress. Inflation of currency or governmental conduct of banking can have no part in these reforms. The Government must abide within the field of constructive organization, regulation, and the enforcement of safe practices only.

Parallel with reform in the banking laws must be changes in the Federal farm loan banking system and in the joint-stock land banks. Some of these changes should be directed to permanent improvement and some to emergency aid to our people where they wish to fight to save their farms and homes.

I wish again to emphasize this view—that these widespread banking reforms are a national necessity and are the first requisites for further recovery in agriculture and business. They should have immediate consideration as steps greatly needed to further recovery.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. FLETCHER. I yield.

Mr. LONG. I wonder if the Senator ever read that great work entitled "An Adventure in Constructive Finance," by CARTER GLASS?

Mr. FLETCHER. I think I have read portions of it, if not all of it.

Mr. LONG. I wonder if the Senator was impressed by the learned remarks of the distinguished author wherein he says:

We cured this financial cancer by establishing regional reserve banks and making them, instead of private banks in the money centers, custodians of the reserve funds of the Nation; by making them also, instead of correspondent banks, the great rediscount agencies of the country; by making them minister to commerce and industry rather than to the schemes of speculative adventure. The country banks were made free. Business was unshackled.

I am wondering now, with shackling them up and chaining them up, how that language corresponds with the idea of the Senator, and whether he feels that he should accept the advice of Mr. GLASS as given in this little book, which is one of the proud possessions of the Government archives and of all standard libraries throughout the length and breadth of the world, or if he would accept the more or less insignificant advice he is now reading?

Mr. FLETCHER. Of course, I can not analyze that work at this time and I can not consider selected sections of it disconnected with some other portion. The Senator will realize that I had better confine myself to the subject.

Now, let us see what the situation really is.

In 1900 the national bank act was amended so as to reduce the \$25,000 minimum capital required for a new bank in towns with not more than 3,000 population. National banks multiplied, in 20 years, from 3,900 to more than 8,000. That is one of the features of this bill that I think is admirable. It makes the minimum capital \$50,000; and I think it is very important that we should increase the requirement as to the minimum capital of these banks. It ought to be increased in all the States. In some States a bank is issued a charter with only five or ten thousand dollars capital. In some States the minimum capital of State banks is \$10,000, while that of national banks is \$25,000. In my judgment it is a mistake to charter a bank with a capital of that size and invite deposits of money from the people with only that liability and responsibility back of them.

State banks also have increased in number. Some States permit a capital as low as \$5,000, and some as low as \$10,000.

In 1900 there were 3,700 national banks and 4,600 State commercial banks and trust companies.

In 1921 there were 8,100 national banks and 20,300 State commercial banks and trust companies.

At the peak 30,800 National and State savings and private banks and trust companies were operating. To-day 19,000 survive. Practically 12,000 have gone under. Losses to depositors in the last 2¾ years were \$1,650,000,000—practically \$2,000,000,000 losses to depositors.

The situation further is that in 1931 and 1932 there were 6,987 suspensions, of which 4,276, or 61 per cent, were banks with capital of \$25,000 or less; 6,032, more than 86 per cent, were in towns with less than 5,000 population. This indicates very clearly, I think, quite a serious situation with reference to the banks of the country; and if we can help out that situation, we ought to do it.

What remedies are proposed by the bankers who are objecting to the bill? There are some objections to the bill. Some people claim that we do not need any legislation; that we ought not to bother with this subject at all. The only remedies suggested by bankers, so far as I have been able to ascertain—and I get these from articles published in various periodicals—are, first, a commission to recommend legislation every 10 years, such as they have in Canada.

That, no doubt, is a very good idea; but we can not wait 10 years for some commission to go out and report, and I do not believe any commission that could be established would give to this subject the study and thought and consideration that has been given to this bill. If it is desired to appoint a commission 10 years from now, or within the next 10 years, to make some report, I have no objection to that; but that does not reach the present situation.

The next step is that the bankers complain that there has been overchartering and overbanking. We may grant that. We can not very well control that except as to national banks. We can not interfere with the chartering of banks in the States. I think there is a good deal to that criticism. There have been too many banks. I know localities of eight or ten thousand population with eight or ten banks. Of course, there was not sufficient business for these banks. Many of them had to go out of business. Then, too, there have been many bank failures where the responsibility was not on the banks themselves. The communities in which they were established failed, and there was not any other recourse. They had to fail.

There have been too many banks, perhaps. There has been overchartering. That is one objection; but that situation we can not control here. So far as the national banks are concerned, I think, with the restrictions in this bill, that objection will be largely removed.

Then they say, "Let improvements come from within the system"; in other words, let the bankers reform themselves. "Let the plan and reformation and needs all be worked out among themselves, within the system."

That is about the extent of the recommendations made by those who are opposing this legislation.

Establish a commission. Let a commission, 10 years from now, report something.

Stop issuing charters.

Let the system reform itself.

Of course we can not wait for that. We need to act now. There are only about 20,000 banks operating. The resources are \$50,000,000,000, including \$40,000,000,000 in savings accounts and more than \$25,000,000,000 in checking accounts; but bank deposits have shrunk about \$3,000,000,000 in recent years. Loans have shrunk.

Here is a statement from the Treasury Department, sent to me December 19 in answer to my inquiry, which shows that loans and discounts in October, 1929, were \$14,961,877,000; that the total deposits at that time were \$21,901,997,000.

This statement covers 1929, 1930, and 1931. I refer only to the situation in 1929 and in 1932.

Number of banks in 1932, 6,085, as against 7,437 in 1929. Loans and discounts, \$9,919,603,000 in 1932, as against \$14,961,877,000 in 1929.

Total deposits, September 30, 1932, \$17,681,917,000, as against \$21,901,997,000 in 1929.

I ask to have this statement inserted in the RECORD.

THE VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, December 19, 1932.

HON. DUNCAN U. FLETCHER,

United States Senate.

MY DEAR SENATOR: In reply to your communication of the 16th instant, there is shown below a statement of the number, loans and discounts, capital stock paid in, and total deposits of national banks in the country as of the date of the fall call in each of the years 1929 to 1932, inclusive:

	Num- ber	Loans and dis- counts	Capital stock paid in	Total deposits
Oct. 4, 1929.....	7,473	\$14,961,877,000	\$1,671,274,000	\$21,901,997,000
Sept. 24, 1930.....	7,197	14,653,078,000	1,745,125,000	22,481,317,000
Sept. 29, 1931.....	6,658	12,479,935,000	1,656,374,000	20,379,384,000
Sept. 30, 1932.....	6,085	9,919,603,000	1,563,232,000	17,681,917,000

Yours very truly,

F. G. AWALT,
Acting Comptroller.

Mr. FLETCHER. Mr. President, that indicates somewhat the need of this legislation and the condition of affairs today. People to a large extent have lost confidence in the banks. There is apprehension and fear and suspicion everywhere. Postal savings have increased to \$881,000,000. A few years ago postal savings were comparatively small in amount. The people did not care to put their money in postal-savings banks at 2 per cent. Now they are putting their money there because they want safety first. They know that the postal savings are safe. They want safety. They are afraid of banks.

I have here a letter from a constituent in St. Petersburg, Fla., dated January 7, which shows the tendency of things. He says:

Just last week one of your lawmakers from Washington rented a cottage here in St. Petersburg for the winter for his family. He could not give a check, because he had no bank deposit, but had to return to Washington to get his money out of his deposit box and pay the rent.

That is the situation. People are afraid of the banks.

He says:

I have a friend in Indiana that has a large factory and employs several hundred men, and he has several thousand dollars in his deposit box.

If people of this type fear the banks, what can you expect of the average man or woman?

I have introduced two bills on the subject of guaranteeing bank deposits, and the Senator from Ohio [Mr. BULKLEY] has introduced a bill insuring bank deposits. There have been several bills on that subject; and the House has passed a bill—the Steagall bill—undertaking to protect depositors in banks. I am expecting that sooner or later we shall have to come to something like that. Those bills in the Banking and Currency Committee have been referred to a subcommittee of which I am chairman. We are trying to consider them now, but I see no possible chance of getting legislation on that subject at this short session. We shall have to come to that in the interest of the banks, however, as well as in the interest of the depositors, the people of the country who patronize the banks.

I was present at one time when a run was being made on a national bank. It looked as though the bank would soon have to close its doors. The people were taking their money out of the bank and carrying it across the street and putting it in the post office. Then they saw the post-office officials take the money back and put it in the same bank. That was called to their attention, and they stopped the run. They said, "If the Government can trust the bank, why should not we do it?" So they stopped the run. They did not know, however, that the Government was protected; the Government has security for all its deposits, and that is what the people want. They want some sort of security and protection for their deposits.

This bill does not give that, I grant you; but it does take a step in that direction in this liquidating-corporation provision. A step is taken toward protecting depositors in banks and giving them their money as soon as it can be made available, without waiting for long-extended receiverships and liquidators, with all their expenses of counsel, and all the delays incident thereto, and the small amount of dividends paid out until the trust is settled. That is one of the features of this bill which I very strongly favor.

Mr. KING. Mr. President, will the Senator suffer an interruption?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. I do.

Mr. KING. I should like to ask two questions, if I may, while I have the floor.

First, if the States that inaugurated the system of guaranteeing bank deposits failed to carry out the plan to a successful issue and abandoned it, does the Senator think there is greater virtue in the Federal Government, that there is a sort of divinity that hedges about Federal officials that will cause them to act with greater wisdom than State officials?

That is one question.

Secondly, in view of the very large number of banks that have failed, with the very large amount of deposits, does the Senator think that \$125,000,000 spread over the entire country, with such debentures as may be issued, will ameliorate the condition very much?

Mr. FLETCHER. I think undoubtedly the very fact that that fund is provided will give confidence in itself. I think it can be made adequate under this bill.

As to the failure of these guaranty measures introduced in the different States, I quite agree that that has been their history, but I can answer the Senator to a greater extent when we get into that subject than I will take the time to do now. The States have smaller territories, with smaller activities, and a tremendous failure of one big bank in a State may almost wreck the guaranty system. Then it gets into politics, and the management and all that sort of thing has to be considered, and it goes down. But take the case of fire insurance or life insurance. Those companies do not venture to put all their risks in one locality, in one community, or in one State.

The VICE PRESIDENT. The time of the Senator from Florida has expired.

Mr. FLETCHER. I have not gotten to the subject yet.

Mr. LONG. Mr. President, in the absence of the Vice President, unanimous consent was given that the time during which the Senator was interrupted should not be included in computing his time.

The VICE PRESIDENT. That has been taken out, and the Senator now has occupied three-quarters of an hour.

Mr. LONG. I ask unanimous consent that the Senator be permitted to go on for 15 minutes more.

The VICE PRESIDENT. Is there objection?

Mr. FLETCHER. Mr. President, I appreciate that suggestion.

Mr. TRAMMELL. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. TRAMMELL. Under the unanimous-consent agreement, has not the Senator a right to speak an hour on the bill if he wishes to?

The VICE PRESIDENT. He has; but the present occupant of the chair thinks that under the unanimous-consent agreement debate should be confined to the pending amendment. If there is no objection, the senior Senator from Florida may take an hour on the bill.

Mr. McKELLAR. Mr. President, I have no objection to the Senator from Florida doing that; I am delighted to not to interpose an objection, but I want to give notice that I do not think the unanimous-consent agreement ought to be interfered with any further.

The VICE PRESIDENT. Is there objection to the senior Senator from Florida having 15 minutes more?

Mr. VANDENBERG. Reserving the right to object, would not the Senator be willing to charge his additional time to his hour on discussion of the bill, so that we could maintain a consistent attitude?

Mr. FLETCHER. Yes; I am willing to do that, or I am willing to take my hour on the bill now and go on with the discussion.

Mr. LONG. Mr. President, I withdraw my former request for unanimous consent and ask unanimous consent that any Senator may take his hour on the bill at whatever stage of the proceedings he desires to take it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the senior Senator from Florida is recognized for one hour more on the bill.

Mr. FLETCHER. Mr. President, I ask to have the letter to which I have referred, with the exhibit attached, inserted in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

ST. PETERSBURG, FLA., January 7, 1933.

HON. DUNCAN U. FLETCHER,

United States Senate, Washington, D. C.

DEAR SIR: I note by the papers that Senator GLASS has a bill before the Senate to reform banking, but it does not contain the

Government insurance or guarantee of deposits. I am quite sure that if the lawmakers of our country knew just how the majority of its citizens feel about banks, they would pay more attention to their demands than to the few that are interested in the large financial companies.

There is no reason why the citizen in a small town should not be entitled to just as safe a place to put his money as the man living in New York, Boston, Chicago, or San Francisco, where they have these large financial institutions, which I understand are fighting the deposit insurance. It is my observation that a very large majority of the people have completely lost confidence in our banks and are hoarding their money in deposit boxes or hiding it. Just last week one of your lawmakers from Washington rented a cottage here in St. Petersburg for the winter for his family. He could not give a check, because he had no bank deposit, but had to return to Washington to get his money out of his deposit box and pay the rent.

I have a friend in Indiana that has a large factory and employs several hundred men, and he has several thousand dollars in his deposit box. If people of this type fear the banks, what can you expect of the average man or woman.

With a heavy percentage of our money hidden or in deposit boxes, and the balance put in banks that are striving to become 90 per cent liquid, because of their fear of runs, we have our funds tied up that should be available for general business. If deposits were insured, people would immediately regain their confidence, as they still have great faith in our Government, as indicated in the very large oversubscriptions of any securities offered, even at very low interest rates, and would again place their money in banks, who, in turn, would have large increase in deposits, with no further fear of runs, and could immediately commence making loans on good security and thereby start the wheels of industry and general business.

Practically everything of value, including our lives, is insurable, so why not our bank deposits?

It is the general opinion that until our banking situation is improved, we will see very little improvement in business conditions.

I am inclosing an editorial from one of our daily papers and the Independent, our other daily, had an article of similar nature a few days ago, and I believe I am safe in saying these editorials represent the opinion of 80 per cent adult population of our country. I have traveled over 15,000 miles in the last 12 months in my auto, calling on mills and merchants, and have been in 11 States, so I feel I have a fair idea of the general opinion on this subject. It has been a hobby of mine for the past six years, and as I have been in 12 bank failures, I feel I am justified in my attitude.

Hoping you may feel that bank-deposit insurance is practical and that you will use your influence and vote for this idea, which would mean so much to millions of our people, I remain,

Respectfully yours,

H. I. ISBELL.

[Inclosure]

[From the St. Petersburg Times, December 28, 1932]

BANK ASSETS

When the United States Treasury offered \$250,000,000 1-year certificates to the public a few days ago, with interest at the rate only three-fourths of 1 per cent a year, the issue was oversubscribed sixteen times. And yet not long ago some issues of Government bonds were selling to net over 4 per cent.

This desire for securities that will be absolutely safe, even if they pay so very little interest, is the result of the panicky feeling developed when the depositors of thousands of banks demanded their money right away quick. It led bankers everywhere to feel that they must have their assets in such shape that they could get a large part of their funds in cash at once, regardless, whether they get any considerable interest or not.

Here we can see a condition that is tying up business everywhere, and it must be cured before we can have good business. If bankers feel that they must have their money in such investments that they can produce a great mountain of cash all at once, naturally they are not going to lend it to finance factory operation, build houses, or to enable merchants to purchase goods.

The public has greatly accentuated this situation by runs on or, what is quite as fatal, quiet but steady withdrawals from many banks that were perfectly sound. The people of St. Petersburg paralyzed all business in their community by wrecking its banks in precisely that way. A bank may have a large part of its money in excellent assets, which are worth 100 cents on a dollar and much more than that; but if the bank had to sell those assets all at once, it might have to sustain a heavy loss if indeed it did not go under.

A new system of banking regulation that would require greater caution in managing financial institutions is a great need the filling of which would go far to restore people's confidence in the safety of their money in banks. But the public first would have to get into a calmer temper of mind, and quit forcing sound institutions into bankruptcy by unreasonable demands.

And going farther, this improved public temper, and a complete restoration of public confidence in banks, could be brought about almost instantaneously by a workable banking system that would guarantee to all depositors the safety of all bank deposits. That, of course, must come eventually, but doubtless not until we as a Nation shall have taken a lot more punishment.

Mr. FLETCHER. Mr. President, the pending amendment has to do with section 19. I am in favor of that section

just as it was reported. I do not think we ought to mutilate it or restrict it, practically destroy it, by providing that no branches can be established except where State laws permit State branch banking. I have no objection to the amendment of the Senator from Michigan. I think that would be covered, really, by the provision which leaves it to the Federal Reserve Board to decide whether a branch shall be established or not. I think they would be careful not to offend the idea and the view that is in the mind of the Senator from Michigan. I have no objection to putting it expressly in the law, however.

I think the instances the Senator has in mind would be protected by the bill itself, because the Federal Reserve Board would scarcely authorize branches where there are facilities already existing, and promote unreasonable competition among local banks in that way. But I have no objection to the amendment. I do object to the amendment to the amendment offered by the Senator from Louisiana, and I object to the amendment offered by the Senator from New Mexico. I think we ought to allow branch banking to a reasonable extent as provided in this section, whether the State laws permit branch banking or not.

The principle of branch banking is not new. Some suggestion has been made that this is a new attempt to increase the power of the banks, and give them a sort of concentrated control. The principle is not new at all. The Comptroller of the Currency under Mr. Cleveland, in his first administration, advocated it, and, so far as I know, that was the first step taken. Mr. Carlisle, the Secretary of the Treasury under Mr. Cleveland, advocated it. Mr. Cleveland advocated it as President. Woodrow Wilson advocated it. It was advocated and favored by the Federal Reserve Board up to the Harding administration. It has been practiced to a limited extent, and no fault has been found with it, so far as the principle is concerned.

In my judgment, the branch-banking feature will strengthen banking facilities for the communities wherever the branches are established, give additional protection to depositors, and afford accommodations where the local units can not afford them.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. KING. I ask the Senator a question for information. Have any of the eminent men to whom the Senator has referred, including the Presidents of the United States who have advocated branch banking, been in favor of branch banking when the States themselves did not permit it? Does the Senator believe, with his theory of Government, and with his concept of the fact that we have a dual form of government, that the Federal Government should, as against the positive prohibition of a State, compel branch banking within a State?

Mr. FLETCHER. I do not say that it should compel it, but I do say that, in spite of the legislation of the State with respect to State banks—and, of course, that is all the State laws can extend to—the Federal Government can authorize branch banking under the national banks. I think it ought to do it. I think it would induce some of the States which have a mistaken notion on that subject to change their laws, possibly.

If I may say so to the Senator, Florida, for instance, does not permit branch banking by State banks. So I approached this subject with a prejudice against branch banking. When the matter was under consideration and discussion and hearing, I was inclined to be against any provision for branch banking extending in any degree to what was provided for in the McFadden bill. But the more I investigated the situation and the conditions not only in my own State but elsewhere—and I speak of Florida simply because I have a better knowledge of the necessities there—I reached the conclusion that we had better have branch banking than what we now have.

In Florida national banks have gone out and established local banks in different parts of the State. Call them affiliates if you will; really it is a group-banking system, and under the present law they actually establish those branches wherever they see fit to establish them. They are not

branches, in effect, because they have not the responsibility of the parent bank behind them. They have not the lending power that a branch would have. They have not the liability a branch would have. They are affiliates, local institutions, chartered separately, but under the control of some national bank really.

That system is affording all the competition that could be afforded by branches. It is not giving the same amount of protection to the depositors or facilities for the communities that branches would. The local units have competition even to a greater extent than they would have if branch banking were allowed, and the communities themselves do not get the advantages they would have from branch banking. So that the local-unit bank, the small bank in the country and elsewhere, has to contend with a condition that is more onerous to it than a condition that would exist if branch banking were allowed.

Mr. President, I have no doubt that has taken place in other States—I am sure it has—and for that reason we are having group banking, which interferes just as much with the local-unit banks, as we call them, as would branch banking, and we are not having the benefit we would have from branches. So, instead of having these groups, these affiliates, I am in favor of having bona fide branches, with all the responsibility of the parent bank and all of the capital of the parent bank behind them.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. GLASS. The Senator from Florida might well add that group banking interferes with unit banking in a vastly greater measure than branch banking could, because under the existing national bank act no national bank may own stock in another bank, either national or State, whereas these groups buy up banks, both national and State, and control them.

Mr. FLETCHER. Precisely. I am glad the Senator mentioned that. I have a telegram here from a distinguished banker in our State, president of the First National Bank of Tampa, one of the largest banks and one of the most responsible institutions of the State, in which he says:

TAMPA, FLA., January 12, 1933.

Hon. D. U. FLETCHER,
United States Senate:

We congratulate you on your continued support of Glass bill, particularly section 19. In my opinion, if this provision had been in effect four years ago the closing of many banks in Florida would have been unnecessary. I therefore hope you will not submit to any compromise. The institution I represent does not expect to take advantage of the branch banking provision; therefore my views are personal, and expressed in the belief that the banking structure of Florida would be materially strengthened by passage of the bill.

R. J. BINNICKER.

I have letters from others of a similar character, and telegrams as well. I insert this particular one as an example of the expression of thoughtful and intelligent people in my State.

There were failures in Florida some years ago, but no branch has ever failed in Florida. Those failures took place in connection with unit banks, chain banks, group banks—things like that. No branch-bank failures have taken place in Florida.

Mr. President, of course, I could offer any number of letters and telegrams in support of that, but I will not take the time to do it. I could cite the views of strong, thoughtful people, economists and students. For instance, in the Proceedings of the Academy of Political Science of January, 1933, at page 151, appears an address by Mr. Pierre Jay, chairman of the board of the Fiduciary Trust Co. of New York, and former chairman of the board of the Federal Reserve Bank of New York, entitled "The Structure of the Banking System." He deals with the subject I have been discussing, and I will read just a few extracts from his address. He said:

More broadly, however, recent banking failures have emphasized two inherent weaknesses of the unit local bank. First, that it is too much affected by local prosperity or adversity, particularly in places where there is a single interest, agricultural or industrial. Adequate diversification of portfolio is lacking; there are too

many eggs in one basket. Second, that the smaller the place, the less bank officers are likely to apply the perspective of general credit conditions to their local credit problems or to realize the necessity of a substantial element of liquidity in the portfolios. That some city bank officers have also been equally shortsighted does not alter the case.

I read now a statement in his address as it appears on page 155:

Advantages of widespread branch banking: (1) It would offer to small communities, as well as large ones, the banking services of institutions sufficiently large to be able to hire competent and experienced management.

(2) The portfolios in which the deposits of small communities would be invested would be diversified instead of mainly local, and under any reasonably conservative management they should also have a substantial element of liquidity.

(3) In addition to present outside supervision, the branches would be subject to continuous internal supervision. This would be really authoritative supervision because it would have power instantly to change local management wherever it was proving unsatisfactory. Head-office control over the larger loans should tend to check overextensions of local credit, which have proved to be as ruinous for local borrowers as for local banks. And head-office purchase of securities should be more expert and conservative.

(4) Branches could be opened tentatively in small places and later withdrawn if they proved unprofitable. Under unit banking, such small local banks, once established, seldom withdraw except by failure.

He said further:

Like many other supporters of unit banking, I have been forced by recent events to change my views, and I now regard branch banking as the only fundamental remedy for the demonstrated weaknesses of unit banking, particularly in the smaller places. But to become an effective instrument of national policy branch banking should be permitted to develop under conditions most favorable to its success.

In other words, at one time he was strongly in favor of the unit-bank system, but he changed his mind about it and now holds that branch banking would be better.

In an address by Mr. Henry I. Harriman, president of the Chamber of Commerce of the United States, recently, at page 15, he had this to say on that subject, which I think is well worth considering:

Prosperity will not return to America until fear is replaced by confidence and credit is available both to the producer and the consumer. During the last 65 years there have been 26 bank failures in Canada, and not one during this period of depression. We, in turn, have had more than 5,000 bank failures in the last five years, and during that same period the funds of depositors tied up in failed banks have exceeded \$5,000,000,000. This has caused widespread alarm, the withdrawal of funds, and the hoarding of cash, and banks have been looked upon with fear rather than confidence. I do not favor the Canadian system for the United States, and I do not desire the abolition of State banking, as I believe it has its proper place in our economic scheme, but I am certain that national banks should be given the right to establish branches under equitable conditions, at least within the limits of the State in which they are located, and I further feel that it should be illegal to establish a national or State bank with a capital of less than \$50,000. Fifty-nine per cent of the suspended banks had a capital of less than \$25,000, and 90 per cent of them were located in cities and towns of less than 25,000 people.

That is a very clear statement and bears directly on the point, and it seems to me it is sound.

Mr. Edmund Platt, former Member of Congress from New York and formerly vice governor of the Federal Reserve Board, made a statement on the subject, which I ask to have inserted in the RECORD. He is in favor of branch banking.

The PRESIDING OFFICER (Mr. KING in the chair). Without objection, it is so ordered.

The statement is as follows:

ARGUMENTS FOR AND AGAINST BRANCH BANKING, BRIEFLY STATED

Something must be done to prevent bank failures and to restore confidence in banks. Ten thousand banks have been closed in the past 10 years. Can anyone guarantee that another 5,000 will not be closed in the next five years, unless they are permitted to consolidate? More than five thousand have required aid from the Reconstruction Finance Corporation. Probably 1,000 are now operating under waivers by depositors, so-called chloroformed banks.

Many banks can be saved by permitting them to be taken over by stronger banks and operated as branches. That seems to be conceded by opponents of branch banking. Some of them, however, would let the small banks fail, contending that the banking structure is strengthened by their elimination and ignoring the distress and suffering caused by the failures. The president of the American Banking Association seems to be of this opinion.

Others contend that branch banking is wrong, because it means "concentration" of banking resources, ignoring the fact that the concentrated resources would be available at every branch, putting the small towns and the cities on an equality in that respect and also in safety for depositors.

Our present correspondent system of banking does vastly more to facilitate "concentration" than any system of branches confined to States or to "trade areas" or to Federal reserve districts could possibly do. There is a one-way pipe line from every little bank in the United States into the big city banks, and particularly into New York and Chicago banks. The little banks deposit in the big banks. Do the big banks return the compliment by depositing in the little banks when the latter need funds? They do not. The little banks then become just customers of the big banks and pay interest on what the big banks may be willing to loan them.

Branch banking permits a ready flow of funds both ways. In branch-banking countries or States branches frequently and sometimes continuously loan more than they receive in deposits. Funds naturally flow to points where they are most in demand for sound business.

Ten thousand banks have closed. The president of the American Banking Association seems to think they were uneconomic and unnecessary units. I disagree with him. Most of them were organized because there was need of banking accommodation at their location; and as the law prevented branches, the only way to afford banking accommodation was through small separately incorporated banks. We have never had as many banking offices per capita as most branch banking countries have. More than 10,000 banking offices could be opened and could be operated profitably if branch banking were permitted, thereby giving employment to forty or fifty thousand more of our people in banking activities.

There is quite a full discussion of the whole subject of branch banking in a publication which I have called "Fortune." I shall not read from it, but if anyone desires some good literature on the subject it can be obtained there. Among other things, the article says:

In the United States to-day we have one bank for every 6,000 or 6,500 people. It is possible that with branch banking not fewer but more communities could have banking offices. For in Canada, with its branch-banking system, there is a banking office for every 2,500 people. In short, branch banking offers a means of replacing small banks by large without forcing the public to do without banks in small towns where they now exist.

Yet the opposition to branch banking still stands firm. One of its leaders is Charles F. Zimmerman, president of the First National Bank of Huntingdon, Pa. (capital, \$150,000; surplus and undivided profits over \$500,000). In him you have typified the independent banker who wants to maintain his independence and (as the relatively huge surplus of his bank shows) has ably succeeded in independence over a period of years. He and others like him argue that for the Federal Government to establish branch banking in their States is a gross invasion of States' rights. The constitutional aspect of their argument can best be left to the courts (it hardly seems likely, however, that the courts would rule against the branch banking provision of the Glass bill). In any event, an appeal to States' rights will not settle the question of how we shall provide safe banks for all the people.

Behind the spirited independence of the local banker you have aligned most of the banking journals (which stand to lose advertising and subscriptions) and not a few State banking officials (who might lose their jobs if branch banking under Federal law became the order of the day). And besides you have the hot-tongued politician (his ardor still only partly cooled by 10,500 bank failures) baying against the centralization of banking power.

The best information I have on that subject is that they would not be inclined to establish branches because they can operate better and more successfully and with just as much, if not more, control through unit banks whom they designate as their correspondents.

Mr. BRATTON. Mr. President, I am desirous of reading the article to which the Senator referred. Will he tell me the issue of *Fortune* in which I may find it?

Mr. FLETCHER. It is a reprint from *Fortune* for December, 1932.

Mr. BRATTON. I thank the Senator.

Mr. FLETCHER. There was a very interesting article published and reprinted from the *Iron Age Annual Review* entitled "The Steel Industry's Stake in Better Banking," by Col. James L. Walsh, a very intelligent and strong article. I shall not burden the Senate with extensive quotations from it. He discusses our confused banking laws very forcefully. Among other things he said:

Development of our banking system has proceeded substantially along the haphazard lines of our governmental structure—under 50 different sets of banking laws, one for national banks, one for each of the 48 States, and one for the District of Columbia. These 50 separate and distinct banking codes differ from each other in such important particulars as minimum amount of capital re-

quired, maximum amount of loan to any single borrower permitted, strictness of examination prescribed, variety and breadth of powers authorized, and standards of character and ability of managing personnel maintained. In general the requirements of the national system are stricter and more conservative than the 48 different State banking systems. But the national system is under fire from 48 different quarters, as individual States allow broader and broader powers to banks as an inducement to take out State charters on organization or by switching from the national system. All in all, a considerable "competition in laxity" has existed during recent years with the following inevitable tragic results:

Bank suspensions in the United States

	Total	Non-member of Federal reserve	Per cent of non-members to total failures
First period, Jan. 1, 1921, to Dec. 31, 1929 (9 years).....	5,642	4,648	82
Second period, Jan. 1, 1930, to Sept. 30, 1932 (2½ years).....	4,742	3,776	79.6
Total (11½ years).....	10,384	8,424	81.1

Our banking structure showed undeniable signs of fundamental weakness long before the present depression was ever dreamed of. During the first period, business conditions varied from unprecedented prosperity to perceptible, but not abnormal, recession. Certainly the test was not unusually severe—yet no less than 5,642 banks suspended operation. Eighty-two per cent of these closed banks were not members of the Federal reserve system, and 92 per cent were in towns of less than 10,000 in population. Lacking the ability to stand up in fair weather, it was only to be expected that the effect of unusually adverse economic conditions would be little short of catastrophic. No less than 4,742 banks failed in the 2 years and 10 months ended September 30, 1932, 79.6 per cent being nonmembers of the Federal reserve system and approximately 87 per cent being located in towns of less than 10,000 in population.

The result of all this is a laxity and looseness and risk. I am convinced that small-unit banking is not such as would commend the operation of that system without further strengthening the facilities for the benefit of the people. I am concerned particularly with the taxpayers, with the people who need banks and who want to use banks. It is getting so that people will not use them. Down in Georgia, according to the newspapers, the other day a farmer—he must be an extraordinary man, by the way, and there are probably not many like him—had accumulated some \$13,000. He had it at home in a trunk. He was not willing to trust the banks with it. Three men came along pretending to want to buy cattle. They had heard of the old gentleman having this cash. Pretty soon they had him and his son tied up and they got into the trunk and took away the money. This man was not willing to trust the banks. He would have been better off if he had put his money in the bank even if the bank had failed, because then he would have gotten part of it back.

A similar feeling exists all over the country. The people are hoarding their money and not putting it in the banks. I do not see much chance for the small unit bank unless we can restore confidence and increase business and give them an opportunity to get credit.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. FLETCHER. I yield.

Mr. LONG. Despite all that has been said, the banks have not failed as much as other institutions. Agriculture has failed worse than banks. Merchants have failed worse than banks. The banking institutions are the strongest things we have left to-day. Is not that true, if we compare them with other businesses and how they have failed?

Mr. FLETCHER. There is possibly something in that. At the same time the Senator will recall that the President in his message recited that failures in industry had been something like 1½ or 2 per cent, whereas the bank failures had been something like 10 per cent. The Senator will admit, of course, that there has been a tremendous decrease in loans, a decrease in deposits, and a tremendous amount

of withdrawals from the banks, and this would seem to evidence a feeling of fear and lack of confidence which pervades the whole country. That is about the situation.

Mr. LONG. When the country fails, naturally all institutions will fail. We would naturally expect that. When industry and agriculture and shipping and other businesses begin to fail, we can not expect anything to hold up to par under those circumstances. The banks have held up better, I think, than any other institution we have.

Banks are paying off their deposits at the rate of \$1.50 on the dollar—and by that I mean paying with an appreciated currency. For instance, I went to a bank four years ago and borrowed a hundred dollars. I borrowed one bale of cotton. To-day I go back to repay the \$100 and it takes four bales of cotton. Money is only a medium of exchange. Does the Senator think it is possible, unless we restore commodity prices, ever to make the banks solvent in this country? I do not care who handles the banking system. With the whole country failing, of course, the banks are affected. We have to pay back \$2 to-day for the \$1 we borrowed 10 years ago, and yet deposits are falling off, as the Senator has indicated. Does the Senator think it is possible, until we bring up the commodity values, ever to have anything like a safe banking situation?

Mr. FLETCHER. I have no quarrel with the Senator at all on that subject. I am for anything that will help the situation of agriculture to which he alludes. Of course, that is a different matter and we will have to deal with it in different laws. I think the bill now before us would help conditions generally and facilitate the transaction of business. In a way it would be helpful both to agriculture and to industry. I am with the Senator so far as concerns his desire to enact any legislation to help commodity prices or render any help to agriculture. That is the great fundamental industry of the country, of course.

Mr. LONG. Would the Senator favor remonetizing silver or expanding currency?

Mr. FLETCHER. I would not be alarmed at all at inflation or reflation. I think perhaps we may have to come to that.

Mr. LONG. Would the Senator be afraid to go back to where we were in 1873? A billion people in the world to-day are on a silver basis absolutely, and we are about the only country, except France, that is on a straight-out gold basis.

Mr. FLETCHER. I think we have got to increase the use of silver as money.

Mr. LONG. I am for both of them.

Mr. FLETCHER. That is my opinion about that. The details of how we can work that out can be dealt with when we get to it.

Money is a queer thing. I saw in some publication the other day a story about a guest of a hotel who said, "I do not like to go around the streets with a lot of money in my pockets. Here is a hundred-dollar bill; I wish you would put it in your safe and keep it." The hotel proprietor accepted it. In a little while came the butcher with a bill against the hotel, and the hotel paid the butcher with the hundred-dollar bill. The butcher owed his landlord, and he paid his landlord with the same hundred-dollar bill. The landlord owed his doctor a hundred dollars and he paid his doctor with the same hundred-dollar bill. The doctor owed the hotel and went to the hotel and in payment of his bill turned in the same hundred-dollar bill. So the hotel got back the original bill which the guest, who was a drummer, had left with it. Then a little later the drummer came into the hotel and the clerk took out the hundred-dollar bill and handed it to him. The drummer lit a match, used that hundred-dollar bill to light his cigarette, and said, "This is a phony bill and never had any value at all." [Laughter.] Yet it had paid all these obligations and served a purpose in doing so. So, Mr. President, I repeat, money is a queer thing when you come to consider it in its various aspects.

However, what I am talking about now is the branch banking feature of the pending bill, and my appeal is to stand by the bill as it has been written. Of course, I realize the strong sentiment here in favor of modifying section 19, and I would not oppose the entire bill if section 19 were

entirely eliminated; but the bill will not accomplish the purpose intended; it will not accomplish what is desired, in my judgment, if we should strike out that section and disallow branch banking. I think we ought to have branch banking. These amendments will practically destroy all branch banking and absolutely destroy it in States where branch banking is not permitted to State banks. While, so far as Florida is concerned, we would get no benefit whatever under that provision, I do not want to base any stand I take here solely on the interest of my own State. I am merely mentioning that as a fact which may apply to numerous other States. I think it does; I think there are a good many States under whose laws there is no provision enabling State banks to have branches, and in that case there would be no national-bank branches established.

Mr. President, I should like, if I may, to reserve the remainder of my time for further discussion of the bill.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. The Senator from New York.

Mr. COPELAND. Mr. President, I should like to make an inquiry of the Senator from Virginia. On page 36 of the official print of the bill, in line 6, I find a reference to "general obligations of any State." The bill provides that a national bank shall not deal in investment securities, but states, in line 4:

The limitations herein contained as to investment securities shall not apply to obligations of the United States, or general obligations of any State or of any political subdivision thereof, or obligations issued under authority of the Federal farm loan act, as amended.

May I ask the Senator why, in line 6, we find the adjective "general"?

Mr. GLASS. Mr. President, the "general obligations" of a State are bonds issued for which the State itself is responsible. If the Senator will continue his reading of the bill, he will find that the obligations of subdivisions of States are also exempted. Any bond issued by a State for which the State is responsible is a general obligation of the State. That question was asked yesterday, and I thought completely answered by the Senator from Montana [Mr. WALSH].

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. COPELAND. If the Senator will pardon me for a moment—

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. COPELAND. I am at a disadvantage in that I did not hear the answer yesterday, but I assume the language to mean exactly as the Senator has indicated, that the phrase "general obligations of any State" means any bond issue which the State may put out for its own purposes in contradistinction to the securities issued by any political subdivision of the State, as, for instance, a city.

Mr. GLASS. The securities issued by a subdivision of a State are exempted.

Mr. COPELAND. Exactly. I thought I was clear about it, but I wanted to be assured by the eminent Senator from Virginia.

Mr. LONG. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. LONG. In the discussion yesterday, while I was questioning the Senator from Virginia, the Senator from Montana [Mr. WALSH] expressed himself as being of the same opinion as the Senator from Virginia, but upon looking up the law he informed me to-day that he would move—I thought he had probably told the Senator from Virginia—to strike out the word "general." That being the case, I think that will fit the situation, because all obligations are not general obligations.

Mr. COUZENS. Mr. President, will the Senator from New York yield to me?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I yield.

Mr. COUZENS. I was going to say that I think the language of the bill is correct in creating a distinction between what are generally known as special-assessment bonds and general obligations of a political subdivision of a State. For instance, if bonds were issued to open a street and were limited to taxation on the property owners upon that street, they would not be a general obligation.

Mr. LONG. That is correct.

Mr. COUZENS. And therefore they would not come under the provisions of the bill, but with the word "general" in the measure it means, of course, that the community, as a whole, guarantees the bonds rather than a special assessment district doing so.

Mr. LONG. Mr. President, if the Senator from New York will yield further, that is just where we would have to join issue. As I understood, the Senator from Virginia, and I know the Senator from Montana [Mr. WALSH], did not want to join issue, but wanted the banks to be able to handle any kind of securities; otherwise a large portion of municipal securities—and there are many obligations within the category that the Senator from Michigan notes—would have as their sole outlet private investment houses, and there could not be any recourse whatever for municipal or State financing to the Federal reserve banks of the United States, which they will all eventually be if this bill shall pass. We would have nothing but private financing, and they would be at the mercy of private investment houses.

Mr. COPELAND. Mr. President, what the Senator from Michigan has said raises another question in my mind. Does the Senator from Michigan mean that bonds issued by a city for a specific purpose—we will say the purpose of wiping out slums or the building of a subway—would not be usable in a national bank?

Mr. COUZENS. They would not be unless the city guaranteed the bonds of the particular district. I can perhaps better illustrate it by giving an example. For instance, the street railways of Detroit had two options as to how to finance themselves. One was by issuing bonds secured by the property itself without the obligation of the taxpayers of the city of Detroit behind them; or they had the opportunity of issuing securities backed by the guaranty of the city. Under the reading of the bill, the street-railway bonds themselves would not be eligible unless the city guaranteed them. To put it in another way, using the illustration to which I referred a moment ago, the securities of any special assessment district which was solely responsible for the issue of bonds would not be general obligations under the interpretation of the bill as the Senator has just read it.

Mr. COPELAND. Perhaps the Chicago drainage area would be an example.

Mr. COUZENS. It would be an example, unless its bonds were guaranteed by all the taxpayers. In other words, a district could be created, for instance, such as the Port Authority of New York, which for its securities pledges all the property within the district or has its obligations guaranteed by the State. They would be a general obligation under the interpretation of the bill.

Mr. COPELAND. Would there be any doubt in the mind of the Senator about the securities of the Port Authority of New York, which is an interstate organization, in which both the States of New Jersey and New York are interested, being usable in the banks?

Mr. COUZENS. It would depend entirely upon the terms. If the State of New York and the State of New Jersey combined to guarantee the securities issued, they would be general obligations under the terms of the bill.

Mr. COPELAND. I think, Mr. President, I am satisfied with the answers I have received. Of course, from my standpoint, it would be a very great disadvantage if it were possible for a city or a county or any political subdivision of a State to have any question raised as to the usability of its securities with the national banks; but I have every right to believe, from the answers I have received from the distinguished Senator from Virginia and the Senator from Michigan, that there are no two thoughts regarding the meaning of the language to which I have referred.

Mr. GLASS. I think the Senator from New York is correct as to that. I may elaborate by saying that in no event will there be any difficulty in the flotation of State, city, and community securities in this country so long as it is profitable to engage in such flotation. The trouble with this country to-day is that it has been entirely too easy to float anything that comes along. Not only State and city securities and those of political subdivisions but worthless securities have been floated by the billions by high-powered salesmanship.

Mr. COPELAND. I should like to add to what the Senator has said that, in my opinion, it has been too easy to float worthless securities and too hard to float those which are gilt-edged, such as are referred to in the language to which I have referred here.

Mr. GLASS. It has been too hard to float legitimate securities because such an enormous amount of worthless securities have crowded the bank portfolios of this country.

Mr. COPELAND. I agree with the Senator fully.

Mr. LONG. Mr. President, will the Senator yield to me? Did I understand the Senator from Virginia to say that he would have no objection to the word "general" coming out? In the absence of the Senator from Montana [Mr. WALSH] I had quoted a conversation at the lunch table to the effect that he had intended to offer an amendment to strike out the word "general."

Mr. WALSH of Montana. I offered the amendment this morning. It is now on the table.

Mr. LONG. That being the case, as I understand, there would then be nothing in the bill to prevent a bank from buying municipal bonds, State or Government bonds, and selling them. If that is done, that cures a very important part of the bill, to my way of thinking.

Mr. COPELAND. Mr. President, my judgment is, in view of what the Senator from Virginia has said, that there is no difference of opinion between him and the Senator from Louisiana, I should myself feel better if the word "general" were out of the bill; and yet, with the answer and the construction placed upon the language by the Senator from Virginia, I have no doubt that these States, cities, and other political subdivisions are taken care of in the proper way.

Mr. WALSH of Montana. Mr. President, now that this matter has become the subject of discussion, I should like to say a word with respect to it.

Mr. COPELAND. I yield to the Senator.

Mr. WALSH of Montana. I have been endeavoring to satisfy myself as to the purpose to be subserved by the use of the word "general" qualifying "obligations of States and political subdivisions thereof." I have not been able to surmise any good reason why it should be there, and I can appreciate how embarrassing at times it might become.

Let me illustrate, by a situation in our State, the difficulty that might arise, and an indication of how needless and useless it is here.

A general obligation, as I understand the matter, as distinguished from a special obligation—and I presume that it is used here as an antonym of "special"—is one that is payable out of the general assets of the political subdivision, and not out of some special fund. In other words, it is a general obligation as distinguished from a special obligation. Now, as a rule these special obligations are really sounder securities, their payment is more safely taken care of than the general obligations.

By way of illustration, the State of Montana, along with many other Western States, got a grant of lands of the State to be devoted to the construction of a capitol building; and upon the strength of the grant bonds were issued, it being expressly provided that they should be no charge at all upon the State, but simply a charge upon the fund derived from the sale of the lands granted in aid of the capitol.

It was in no sense a general obligation of the State. It was a special obligation. The lands in time were sold, and the proceeds put into the fund, and the fund was invested. In time the interest from the fund took care of the interest upon the capitol bonds, and eventually the fund accumu-

lated to such an extent that the bonds have long since all been retired.

Our State to-day, so far as its general obligations are concerned, is very decidedly "in the red"; but the special obligations of the State no longer exist. They have actually been retired by the income from this fund. From the very time those bonds were issued they were regarded as excellent securities and sold at a very nice figure. In other words, they were regarded in the bond market as a better and safer investment than the general obligations of the State.

Why should not a bank be empowered to purchase securities of that character, relying upon the judgment and discretion of the officers of the bank as to whether the fund provided for the satisfaction of these obligations is adequate or not?

Mr. COUZENS. Mr. President, will the Senator from New York yield to enable me to ask a question?

Mr. COPELAND. I yield.

Mr. COUZENS. As I understand the Senator's description, this was not an obligation of the State or a political subdivision of the State.

Mr. WALSH of Montana. Yes; Mr. President.

Mr. COUZENS. What political subdivision was it?

Mr. WALSH of Montana. It was an obligation of the State, but it was a special obligation of the State, payable only out of this fund.

Mr. COUZENS. Let me give the Senator an illustration which probably will show that these special bonds are not always, perhaps, as secure as the Senator's illustration indicates the particular bonds were.

Assume, for instance, that the citizens petition for the opening of a street and the paving of a street, and they say, "We will pay for paving and opening the street." The city says, "All right; go ahead, but we will not obligate ourselves to pay for it. We will assign a certain district that will be assessed for paying for that particular improvement." That is a special-assessment bond but not an obligation of a political subdivision. Does the Senator mean to say that such bonds should be included within the provisions of this act?

Mr. WALSH of Montana. I can see no reason why they should not be. Those securities, as a rule, are of a very high character. I realize that additions to cities are sometimes platted and streets extended into localities where it is unjustifiable, and that kind of thing, and these bonds are issued, and they are found to be undesirable, and are sometimes repudiated; but I should say that the great bulk of them are of the very highest class.

I desire to say in that connection, if I may, that the question came under consideration by the Supreme Court of Oregon in just such a case. It was the case of bonds issued by an improvement district. The court held, however, that they were the general bonds of a political subdivision. We do not avoid exactly the character of security to which the Senator refers by the use of the word "general" here. Suppose we create an improvement district. That improvement district is a political subdivision of the State. We would exclude the special obligations of that district, but we would not exclude the general obligations. In the case to which I advert the court held that it was a general obligation of the district, because after the special fund set apart for the payment of the bonds was exhausted the district itself would be liable, and the entire district would be subject to taxation; and they held, for that reason, that it was a general obligation of the district.

Mr. COUZENS. Yes; but there is a difference between a district and a political subdivision.

Mr. WALSH of Montana. Oh, not at all.

Mr. COUZENS. Oh, yes; because the district does not vote separately, as is the case with an incorporated political subdivision.

Mr. WALSH of Montana. But, if the Senator will pardon me, improvement districts, irrigation districts, drainage districts are all political subdivisions of the State. Only those

securities would be excluded that are taken care of by a special fund, in that no recourse can be had to the general fund of that particular district.

Mr. COPELAND. Mr. President, I should like to say that I think it would be very unfortunate if a bank were prohibited from dealing in the bonds of a sewage district or a paving district. Needless to say, we have to trust the banks to some degree; and I am quite confident that no bank would take on those securities unless it had scanned the values very carefully.

To me, however, it seems a strange limitation. I do not see why we did not put the word "general" before "obligations," in the fifth line, so as to read, "the general obligations of the United States." There would be exactly the same reason for placing it there as here. I wish for myself that that word might be omitted, because I feel confident that it is going to lead to trouble.

Mr. GLASS. I will say to the Senator that we did not do that because all obligations of the United States are general obligations.

Mr. WALSH of Montana. Let me inquire of the Senator whether the securities issued to take care of the Boulder Dam expenses are general obligations?

Mr. GLASS. If the Government of the United States has made itself responsible for them, they are general obligations in the sense that the money of all the taxpayers will be devoted to their liquidation.

Mr. President, if the Senator will permit me—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Virginia?

Mr. COPELAND. I yield.

Mr. GLASS. I am not, of course, competent to discuss with the Senator from Montana legal definitions or legal considerations that may be applied. What the committee had in mind was to guard against unsound banking. What the committee had foremost in its thought was to exclude from commercial banking all investment securities except those of an undoubted character that would be surely liquidated; and for that reason we made an exception of United States securities and of the general liabilities of States and subdivisions of States.

For example, I recall right now, in my own State, a little town not far from my own home town which had a vote of the people and decided upon a bond issue for waterworks purposes. It applied to investment houses in various money centers to take these 6 per cent bonds. None of these investment houses would take them. The town applied to the Reconstruction Finance Corporation to take the bonds for this self-liquidating enterprise, and the Reconstruction Finance Corporation would not take them. We did not think securities of that nature, for special purposes, ought to crowd the portfolios of commercial banks; so that our whole purpose was to guard against investment securities in national banks, which are supposed to be strictly commercial banks, responsive to the immediate requirements of that community. I may add that the technician of the committee very strongly advised us to use that term.

Mr. COPELAND. Mr. President, I now yield the floor.

Mr. LONG. Mr. President, I hope I am not disturbing the Senator—

The VICE PRESIDENT. Does the Senator from New York yield the floor?

Mr. COPELAND. I yield the floor.

The VICE PRESIDENT. Does the Senator from Louisiana desire to ask a question?

Mr. LONG. I wanted to ask a question in connection with what the Senator from New York was discussing. I do not understand, do I, that the Senator from New York or the Senator from Virginia is going to have any objection to the amendment offered by the Senator from Montana, to strike out the word "general"? I was busy discussing something else at the time. What was the final outcome of that matter?

Mr. COPELAND. Mr. President, in answer to what the Senator has said, I would be inclined to vote for the amend-

ment which I presume the Senator from Montana is going to offer.

Mr. LONG. He has already offered it.

Mr. COPELAND. I was almost satisfied with what the Senator from Virginia said, but I do not like to have any doubt as regards the power of the bank in these particular matters.

Mr. GLASS. Mr. President, I would like to suggest to the Senator from New York that this matter will probably come up later.

Mr. COPELAND. I assumed that.

Mr. GLASS. It has no relation to the pending amendment.

The VICE PRESIDENT. The pending amendment is the amendment of the Senator from Louisiana [Mr. LONG].

Mr. LONG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Shipstead
Austin	Davis	La Follette	Shortridge
Bailey	Dickinson	Logan	Smith
Bankhead	Fess	Long	Smoot
Barkour	Fletcher	McGill	Steiger
Bingham	Frazier	McKellar	Stephens
Black	George	Metcalf	Swanson
Blaine	Glass	Moses	Thomas, Idaho
Borah	Glenn	Neely	Thomas, Okla.
Bratton	Goldsborough	Norbeck	Townsend
Brookhart	Gore	Norris	Trammell
Broussard	Grammer	Nye	Tydings
Bulkeley	Harrison	Oddie	Vandenberg
Bulow	Hastings	Patterson	Wagner
Byrnes	Hatfield	Pittman	Walcott
Capper	Hawes	Reed	Walsh, Mass.
Caraway	Hayden	Reynolds	Walsh, Mont.
Connally	Howell	Robinson, Ark.	Watson
Coolidge	Hull	Robinson, Ind.	Wheeler
Copeland	Johnson	Russell	White
Costigan	Kean	Schall	
Couzens	Kendrick	Schuyler	
Cutting	Keyes	Sheppard	

The VICE PRESIDENT. Eighty-nine Senators having answered to their names, there is a quorum present.

Mr. ROBINSON of Indiana. Mr. President, I have just received a telegram from W. A. Collings, president of the Indiana Bankers' Association, as follows:

INDIANAPOLIS, IND., January 19, 1933.

Senator ARTHUR ROBINSON,
United States Senate:

At midwinter meeting of our association in Indianapolis yesterday following resolution was unanimously adopted: "Resolved, That the Indiana Bankers' Association record its disapproval of any act of Congress which in effect would violate State autonomy in branch banking and permit further concentration of money and credit."

W. A. COLLINGS,
President Indiana Bankers' Association.

Mr. WHEELER. Mr. President, so many claims and counterclaims have been made with reference to the pending legislation that I desire to speak for a comparatively short time and to attempt to clear up at least some of the misstatements of fact.

First of all, the Senator from Virginia has placed in the RECORD a large number of telegrams, and has had some of them read, for the purpose of convincing the Senate as to how the people of the various States stand with relation to the pending bill. I myself in the last few days have received a large number of telegrams from business men and bankers in the city of Helena and other places throughout the State of Montana, which read about like the following telegram:

HELENA, MONT.
We urge you to muster all possible support to obtain passage of Glass bill with provisions for state-wide branch banking. We want to register vigorous protest against Long's filibuster, which not only is delaying action upon this vital measure but is preventing passage of other constructive legislation which is needed to bring relief to this territory.

MONTANA LIFE INSURANCE CO.,
H. R. CUNNINGHAM, President.

I also received an identical telegram from the Beartooth Stock Co., signed by John Dryberg, as president.

I received such a telegram from the Montana Livestock Marketing Association, an identical one from the Montana

Wool Cooperative Marketing Association, one from the Eddy Bakeries Co., and one from the Sieben Livestock Co.

I now want to call the Senate's attention to exactly why these telegrams were sent. I hold in my hand a letter, which I understand has been placed in the RECORD, from the Northwest Bancorporation, an affiliated group of leading banks and trust companies, dated at Minneapolis, January 16, reading as follows:

To Officers and Directors of Northwest Bancorporation and Affiliated Banks:

We are making a nation-wide effort to have telegrams sent to each United States Senator from your State and to Senator GLASS pointing out importance of obtaining passage of the Glass bill.

Mr. J. C. Thomson, vice president and general manager, telephoned from Washington yesterday asking that telegrams be sent by business interests of this territory over each company's name and signed by the president or managing officer as such. Apparently, Senator HUEY LONG, of Louisiana, is prepared to carry on the present filibuster for some time, but efforts will be made this week by Senator GLASS to break this filibuster and to put into effect a cloture rule in order to obtain a vote on the bill.

There has been considerable opposition by Northwest Senators, and we believe that some of these are lined up with Senator LONG in an effort to block passage of the bill. The morning paper indicates that the bill will be laid over for Monday and Tuesday in order to make way for certain appropriation measures, but it will come up on Wednesday morning.

We should like to have as many telegrams as possible go into Washington by that time and shall appreciate it very much if you will send such telegrams and get as many of your associates as possible to do likewise. We have been asked by some of our directors to give several suggestions as to what types of telegrams might be desirable and, in response, offer the following suggestions:

1. "We urge you to muster all support possible to obtain passage of Glass bill with provisions for state-wide branch banking. Would like to register vigorous protest against Long's filibuster, which not only is delaying action upon this measure but preventing passage of other constructive legislation which is needed to bring relief to this territory."

I want to call attention, Mr. President, to the fact that the telegrams which have been coming are almost identical, word for word, with the first suggestion of the Northwest Bancorporation, which is at the head of the branch banking group throughout the Northwest. The second suggestion is:

2. "It is my opinion that the majority of the people in this territory are in favor of passage of a branch banking bill that will enable national banks in all States to establish branches and thus provide service to communities now without banks. The obstructive tactics such as are being used by LONG and his supporters are wholly unjustified, in view of important legislation of all kinds now pending in Congress, much of which is needed to bring relief to the country at large."

The third suggestion which they offer is:

3. "Business interests here seriously disturbed by situation in Senate and the delayed action on pending legislation. We urge your support for any move that will break this filibuster in order that legislation of an emergency nature, such as the Glass bill, may come up for action. We believe majority of people in this territory favor passage of Glass bill providing for state-wide branch banking. We vigorously protest against the actions of Senator LONG and his associates in obstructing this and other important legislation sorely needed to restore confidence and stabilize business conditions."

We should like very much to have copies of telegrams sent to use in connection with support which we are trying to obtain for the bill. We shall appreciate your cooperation at this time.

Very truly yours,

W. B. BROCKMAN, Assistant Secretary.

When Senators receive telegrams from various sections of the country in line with these they will know immediately that they are the result of inspired propaganda by the Northwest Bancorporation, which owns and controls a lot of chain banks throughout the Northwest. It might be called to the attention of the Senate that this corporation, as a matter of fact, was nothing more nor less than a promotion scheme by a few men in the Northwest who went out and took a lot of sound, safe banks in the Northwest and poured into their corporation a tremendous lot of watered stock and unloaded it upon the directors, stockholders, and other citizens of the Northwest.

The reason why some of those banking institutions are not in the shape that they should be to-day is not because they have not been part of a branch banking system but because of poor management and because they are loaded up with stocks and bonds which have little or no value to-day,

if ever. The idea of saying that branch banking is a panacea for the banking condition in the Northwest is, to my way of thinking, entirely asinine, to say the least.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. WHEELER. I yield.

Mr. LONG. Did the Senator hear the telegrams from all over the country read by the Senator from Virginia yesterday?

Mr. WHEELER. I heard some of them. Many of them were almost identical, word for word, with the telegrams I have read.

Mr. LONG. It seems very likely that they came out of the same place.

Mr. WHEELER. Yes. In answer to this telegram I sent a letter. I want to read the letter which I wrote to this Mr. Cunningham and the other men who sent the telegram to me.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Virginia?

Mr. WHEELER. I yield.

Mr. GLASS. Right at that point I want to call the attention of the Senate to the fact that the telegrams sent to the desk by me were from nearly every State in the Union, and I think two or three times more from towns in New York State than from all of the Northwest put together.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. WHEELER. Certainly.

Mr. LONG. Does not the Senator understand the Bank of the United States had 59 branch banks out there that might have had similar interests with the speculators in the Northwest?

Mr. WHEELER. I am not familiar with that situation.

I want to read the letter which I sent in answer to these telegrams:

WASHINGTON, D. C., January 16, 1933.

Mr. H. R. CUNNINGHAM,
President Montana Life Insurance Co.,
Helena, Mont.

MY DEAR HARRY: I am in receipt of your telegram of January 15, and regret that I can not comply with your request.

While I am willing to admit the possibility of the branch bank system adding elements of strength to the particular parent bank, I feel that the price which the community must pay for this efficiency is too great. I am, therefore, opposed to it on the ground of public policy. The inevitable tendency is toward a monopolistic control over the financial resources of the State.

Let me call to the attention of Senators on this side of the Chamber that when they are trying to stop debate upon this matter, and seek thereby to force branch banking upon their States against the will of the people of their States, they are doing a great injury to their people which will be resented. The people of the various States are against giving to a little handful of men a monopolistic control of the credit resources of their various States.

I continue reading from the letter:

A striking illustration of the impossibility of the unit system of banking existing side by side with branch banking is shown in the British Isles. During the past few decades the number of independent unit banks has gradually decreased while the branches have increased until to-day there are left only about 40 banks with over 10,000 branches. A system of branch banking, therefore, as a natural consequence of its logical development ultimately puts into the hands of a small group of powerful bankers the entire credit facilities of a State, or a nation. This is socially unsound, detrimental to the free development of business enterprise, and dangerous to the public welfare.

These few bankers being in the banking business primarily for personal profit would have it within their power to control the development of the industries of the entire population and could be restrictive here and liberal there, not as the general welfare might require but to suit their private policies. Human nature being what it is no other point of view can be expected.

Mr. President, give me control of the financial credits of a State and I can say what industries in that particular State can live and I can say what particular industries shall go out of business. Give me control of the financial credits of a State and I can say what policies shall be adopted by that State in a financial way. Give me control of the financial

credits of a State and I can suck the lifeblood out of the people of that State and say to them who shall be permitted to exist and what shall not exist. I can in effect say whether or not they are going to have free government in that State. Then tell me that anyone wants such a system foisted upon the people of his State! Wherever the people have had an opportunity to vote upon the question they have voted against it. Talk about the unit bank wanting a tariff wall around its community. Talk about the little independent bank having a selfish interest and wanting to monopolize the credits of its particular community. Oh, no. What it is wanting to do, and only that, when its officers protest against this bill, is to prevent the monopoly from controlling the banking system of that State.

I repeat what I said when a banking bill was here on another occasion containing a provision to permit branch banking in cities and counties, that that was the first step and that its backers would be back here in a short time wanting state-wide branch banking. I said in addition to that that it would only be a short time until they would be here asking for nation-wide branch banking. The second step is now being taken.

I continue reading my letter to Mr. Cunningham:

This development toward centralized control is out of harmony with the traditional American principle of local autonomy under which our vast national resources have been developed. It has been the small unit bank in the wake of the pioneer frontiersmen which has furnished the financial service so essential to the spread of our civilization westward to the Pacific coast. They became objects of community pride; they were controlled by a local board of directors; and they had an intimate personal knowledge of the character, ability, and resources of their customers. The one is a local institution and the other is what has been called "absentee banking."

Talk about the selfishness of the little unit banker in the community, call him a pawnbroker if you want to, say that his little bank is a pawnshop; but he made it possible to develop Montana, to develop South Dakota, to develop Ohio, and every other State as the march of population was westward in this great Nation of ours. I can take anyone across the border to-day into Canada and show him the same identical climatic conditions that exist in the Northwest, where they have a system of branch banking. I will show him how development has been retarded as compared with development in the Northwestern American States.

Senators are pleading in the name of the depositors for branch banking. Who is it that is pleading for this bill? It is the Northwest Bancorporation, composed of a group of promoters who went out and paid for the stock in those banks, in some instances two or three times the book value. No, they did not pay for it, they gave stock in a holding company in exchange for bank stock of sound institutions. They did it as a pure promotion scheme. Now, when they find the economic conditions which exist to-day they want to go in and set up branch banks. I know what their scheme is. It is to take over the banking of the entire State that they control in Montana, every bank that they control in Minnesota, every bank they control in North Dakota, South Dakota, and Idaho. They intend to set up one unit, one bank, and make all the rest of them branch banks. Then they will take the capital stock of all the other banks and put it into one bank. If there ever was an unsound and unsafe banking plan that was proposed to be put upon the American people in the Northwest, this is it.

I read further from the Cunningham letter:

The branch is managed by an agent or employee of the parent bank. He takes instructions from his employers, who reside elsewhere. In most cases he has no discretion to act, but must follow rigid formulas imposed upon him by his absent superiors. His branch is not a part of the locality in which he operates. As a natural consequence he can not make a loan the security of which is primarily the character of the borrower. This, it seems to me, is one of the fundamental weaknesses of the branch system. It is a restriction of credit which is detrimental to the development of a new country, because it eliminates the moral credit risk involved in a man's native ability and character—often the only security a young man has to offer.

Absentee banking as represented by the local branch of a distant city bank puts the future economic life of a community in

the hands of a nonresident board of directors, who may develop or retard its resources as their interests may demand.

Not only that, Mr. President, but when this group get these organized branch banks they intend to turn them over to one of the big banks in the State of New York, which would control the banks of Montana, the banks of South Dakota, Minnesota, Idaho, Washington, and Wyoming, and that control will be centered exclusively in one of the large banks in the State of Minnesota. The promoters will have made their profit, but the people will be economic slaves to this monopoly. They are very foolish if they think the people of America will stand for it.

I am not blaming the men who sent the telegrams. Many of them are men of the highest character, but I happen to know the reason why they are sending them. It is because of the fact that those who favor the branch banking system went out and asked them to send them. No farmer is sending telegrams to me. No professional man is sending me any telegrams unless he is in some way under obligation to a bank. I am receiving no telegrams from farmers or professional men asking that the Glass bill be passed and made a part of the law of the land.

Not only that, but when the people of the great State of Illinois had an opportunity to vote upon the question in an election they voted against it by an overwhelming majority of something like 2 to 1. I submit that those back of the bill would not dare go before the people of any State in the Union upon the initiative and referendum and submit the question to a vote of the people. Seven different States which had a branch banking law repealed it after it had been made a part of the law of those States. But what are we seeking to do? We are seeking, by a law of the United States, to force a banking system upon the free people of the various States.

Talk about State rights! Let me ask the Democrats on this side, who stand here and plead for State rights, is there anything in State rights when we propose to enact a law to provide for branch banking to be put into effect in the various States whether they like it or not? Of course, if we have a branch banking system in the case of national banks, no little independent State bank will be able to compete with it. The independent State banks will either be taken over by the branch bank or the legislatures of the States will be forced to authorize branch banking on the part of State banks in order that they may compete with the national banks.

Mr. President, it has been said upon the floor of the Senate by the Senator from Louisiana that Mr. Roosevelt is opposed to branch banking as provided in this bill. It has been said by the Senator from Virginia that Mr. Roosevelt is for this bill in its essence, and that Mr. Hoover also is favorable to it. I care not one whit whether the President of the United States or the President elect is for the bill. I am not in the confidence of the President elect, as my good friend from Virginia and my good friend from Louisiana are. I have not discussed this bill or any other bill with the President of the United States or with the President elect, and I know my friend from Virginia is closer to the President elect because he took a more active part in the preconvention campaign for him; but I want to say, Mr. President, that if Mr. Roosevelt had announced that he was for branch banking before the Chicago convention he would never have been nominated by that convention, and no other candidate who was for branch banking would have been nominated at that convention for President of the United States.

Mr. LONG. Mr. President, will the Senator permit me to ask him a question?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield.

Mr. LONG. Does the Senator mean that the fact that the Senator from Virginia voted to unseat three Roosevelt delegations is a reason why he took a more active part than did the Senator from Montana in the campaign that nomi-

nated a candidate for President of the United States? I merely wish to get the matter straight. [Laughter.]

Mr. WHEELER. I am not interested in that phase of it, and do not know anything about it. So far as I am concerned, in what I have said regarding the Senator from Virginia there is nothing personal. I have a very high regard for him and for his ability and his integrity, and most of us have always thought that because he has been Secretary of the Treasury of the United States he, perhaps, understood the banking laws better than anybody else and we ought blindly to follow him; but this is not a question of banking, it seems to me; this is a question of public policy; and I say that no Senator dare go before the people of his State and propose that they vote upon branch banking, because he knows that the proposal would be overwhelmingly defeated by the people of his State. So the interests back of this bill have come here to the Congress of the United States, and the Congress has been besieged by lobbies urging the passage of this bill, urging that branch banking be imposed upon the people in order that they may obtain a monopoly of credit in the various States of the Nation. Let Senators vote for it and then go back to the people of their States and say, "I voted for it because I wanted to protect the depositors in the banks." What depositors? Where is the farmer who has any deposit in a bank to-day? Where is the workman who has any deposit in a bank to-day? Mr. President, if we wanted to protect the depositors the time to act was before 1929. It is proposed now to protect the depositors after the doors of the banks are closed, after the depositors have lost their money, because of the fact that the great banks that control the chain unloaded upon the little banks of the country South American bonds and fake stocks and fake bonds, and by reason of that they have had to close their doors. The great leaders in this body never voiced any protest on that score until after the money was gone from the banks.

Mr. President, I want to call attention again to a statement I made a moment ago with reference to absentee banking. The banks in the Northwest section, following the pioneers of that country, went in there and loaned money to individuals not because they had security but they loaned it to them because of their character and their integrity and their ability. Now, however, Mr. President, when an individual goes to a chain bank or to any branch bank in the western section of Canada, no matter how brilliant he may be, no matter what his ability may be, and no matter how excellent his character may be, and says, "I want to borrow money; I have no security, but I have ability and understanding, and I have integrity," he is immediately told that the loan can not be made. His application goes back to Toronto and from there to Montreal, and when it gets to Montreal the inquiry is made, "Where is the security?" not taking into consideration the thing, as any banker will tell you, that makes for the greatest security in the case of loans, and that is the integrity and the ability of the individual seeking the loan. I am perfectly amazed, Mr. President, that Senators should stand on the floor of the Senate and ask that there should be imposed upon their States a system that is going to turn over to a few selfish individuals and interests a monopoly of credit in their States.

I say to you, Mr. President, that this is one of the most important pieces of legislation that have come before the Congress. It is important because of the fact that it is a turning point in our economic life. It involves the question whether or not powerful banking interests are going to control the banking system of entire States. If they shall succeed in controlling the credit system of those States they will control the business, they will control the politics of those States, because they can then say to those who owe them money, as they have done in the past, "We insist that you vote thus and so." Likewise they will be able to control the State legislatures. The passage of this bill will give them a greater grip than it would be possible for them to secure in any other way.

So I say that the only people who are sending these circulars and telegrams from my State in advocacy of this bill

are acting in response to letters sent out from the Northwest Bancorporation; and they are being sent out in identically the same words and the same terms, as indicated by some I have here. I wish to call attention to a few of the letters that have come to me. Here is a typical one from the Farmers State Bank at Victor, from a man who has been in the banking business there, as an independent unit, for many years, a man of the highest type and the highest character. His bank is still running. Incidentally I wish to say that the safest bank, in my judgment, in all Montana is a unit bank, a bank in my home city. Without question of a doubt it is safer than any other single bank in practically all the Northwest. That is due to the fact that the banker himself is a good banker; he himself owns the majority of the stock of the bank; he controls it; he has been honest; he has not speculated, and he did not buy South American bonds. So to-day he has a safe bank.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. WHEELER. I can take an hour, as I understand, on the bill?

The VICE PRESIDENT. Is there objection to the Senator from Montana taking an hour on the bill?

Mr. WHEELER. It was agreed that that might be done.

Mr. LONG. Unanimous consent was given that the hour allotted might be taken at any time.

The VICE PRESIDENT. The Chair was not advised of that. If that was agreed to, of course, the Senator will be recognized to speak on the bill.

Mr. LONG. Mr. President, if the Senator from Montana will yield for a question, I should like to ask him if he will not suspend now? I understand the Senator from Pennsylvania desires to present some matter, and we only have five more minutes remaining before the time when it has been agreed we will take a recess.

Mr. WHEELER. Mr. President, I should like to finish my speech to-morrow, because, in fact, I have an engagement in a very short time which I must keep.

The VICE PRESIDENT. If the Senator yields for a recess, with the understanding that he will be recognized later, he will be recognized by the Chair to-morrow.

PROHIBITION OF EXPORTATION OF ARMS AND MUNITIONS

Mr. BORAH. Mr. President, I desire to ask unanimous consent for the consideration of Senate Joint Resolution 229, which has been reported from the Committee on Foreign Relations. It authorizes the President, under certain circumstances, to lay an embargo on the exportation of arms. It is very important that the matter be disposed of, and I understand that by asking unanimous consent it will not displace the measure now pending.

The VICE PRESIDENT. It will not displace the unfinished business if unanimous consent is given.

Mr. GLASS. Mr. President, I shall not object if it does not lead to debate.

The VICE PRESIDENT. The Senator from Idaho asks unanimous consent for the present consideration of Senate Joint Resolution 229. Is there objection?

There being no objection, the joint resolution was read, considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

A joint resolution (S. J. Res. 229) to prohibit the exportation of arms or munitions of war from the United States under certain conditions

Resolved, etc., That whenever the President finds that in any part of the world conditions exist such that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the course of a dispute or conflict between nations, and, after securing the cooperation of such governments as the President deems necessary, he makes proclamation thereof, it shall be unlawful to export, or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or countries as he may designate, until otherwise ordered by the President or by Congress.

Sec. 2. Whoever exports any arms or munitions of war in violation of section 1 shall, on conviction, be punished by a fine not exceeding \$10,000 or by imprisonment not exceeding two years, or both.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. BORAH. Mr. President, while I am on my feet, I understand that there is on the table the St. Lawrence waterway treaty, and I am going to ask, as in executive session, that it may be made public. That is merely technical, because it really has already been made public.

The VICE PRESIDENT. Does the Senator also desire that the treaty be referred to the Committee on Foreign Relations?

Mr. BORAH. Yes.

The VICE PRESIDENT. Without objection, the injunction of secrecy is removed, and the treaty will be referred to the Committee on Foreign Relations.

The message, letter of the Secretary of State, and treaty are as follows:

EXECUTIVE C (72D CONG., 2D SESS.)

To the Senate of the United States:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed at Washington on July 18, 1932.

For the information of the Senate, there are also transmitted papers inclosed in the accompanying report of the Secretary of State. These are:

1. A copy of the report of the Joint Board of Engineers (reconvened) dealing with the St. Lawrence project, dated April 9, 1932. The report of the Joint Board of Engineers of November 16, 1926, together with the report of the United States-St. Lawrence Commission, dated December 27, 1926, was transmitted to Congress by my predecessor, President Coolidge, on January 3, 1927, and was printed as Senate Document No. 183, Sixty-ninth Congress, second session.

2. Copies of notes exchanged between the Secretary of State and the Canadian minister at Washington on January 13, 1933, clearing up the question of the effect of the treaty on the diversion of water for power purposes through the Massena Canal and the Grass River.

HERBERT HOOVER.

THE WHITE HOUSE, January 19, 1933.

(Accompaniments: Treaty and report by the Secretary of State, with inclosures.)

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate for the advice and consent of that body to ratification, if his judgment approve thereof, a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed at Washington on July 18, 1932. There are inclosed herewith—

1. A copy of the report of the Joint Board of Engineers (reconvened), dealing with the St. Lawrence project, dated April 9, 1932, with seven plates. The report of the Joint Board of Engineers of November 16, 1926, together with the report of the United States-St. Lawrence Commission of December 27, 1926, was transmitted to Congress by President Coolidge on January 3, 1927, and was printed as Senate Document No. 183, Sixty-ninth Congress, second session.

2. Copies of notes exchanged between the Secretary of State and the Canadian minister at Washington on January 13, 1933, clearing up the question of the effect of the treaty on the diversion of water for power purposes through the Massena Canal and the Grass River.

It is respectfully suggested that the inclosures mentioned accompany the treaty to the Senate for the Senate's information.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,

Washington, January 18, 1933.

(Accompaniments: Treaty between the United States and the Dominion of Canada, signed at Washington, July 18, 1932; report of Joint Board of Engineers, April 9, 1932; from Canadian Legation, January 13, 1933; to Canadian Legation, January 13, 1933.)

The President of the United States of America and His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada,

Recognizing that the construction of a deep waterway, not less than twenty-seven feet in depth, for navigation from the interior of the Continent of North America through the Great Lakes and the St. Lawrence River to the sea, with the development of the waterpower incidental thereto, would result in marked and enduring benefits to the agricultural, manufacturing and commercial interests of both countries, and

Considering further that the project has been studied and found feasible by the International Joint Commission, the Joint Board of Engineers, and by national advisory boards, and

Recognizing the desirability of effecting a permanent settlement of the questions raised by the diversion of waters from or into the Great Lakes System, and

Considering that important sections of the waterway have already been constructed, and

Taking note of the declaration of the Government of Canada of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence River, for the completion of the New Welland Ship Canal, and of canals in the Soulanges and Lachine areas of the Canadian section of the St. Lawrence River which will provide essential links in the deep waterway to the sea, and

Taking note of the declaration of the Government of the United States of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence River, for the completion of the works in the Great Lakes System above Lake Erie which will provide essential links in the deep waterway to the sea,

Have decided to conclude a Treaty for the purpose of ensuring the completion of the St. Lawrence Waterway project, and for the other purposes aforesaid, and to that end have named as their respective plenipotentiaries:

The President of the United States of America:

Henry L. Stimson, Secretary of State of the United States of America;

His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, for the Dominion of Canada:

The Honorable William Duncan Herridge, P. C., D. S. O., M. C., His Envoy Extraordinary and Minister Plenipotentiary for Canada in the United States of America;

Who, after having communicated to each other their full powers, found in good and due form, have agreed upon the following Articles:

PRELIMINARY ARTICLE

In the present Treaty, unless otherwise expressly provided, the expression:

(a) "International Joint Commission" means the commission established pursuant to the provisions of the Boundary Waters Treaty of 1909;

(b) "Joint Board of Engineers" means the board appointed pursuant to an agreement between the Governments following the recommendation of the International Joint Commission, dated the 19th December, 1921, and the "final report of the Joint Board of Engineers" means the report dated the 9th April, 1932;

(c) "Great Lakes System" means Lakes Superior, Michigan, Huron, Erie and Ontario, and the connecting waters, including Lake St. Clair;

(d) "St. Lawrence River" means the river known by that name and includes the river channels and the lakes forming parts of the river channels from the outlet of Lake Ontario to the sea;

(e) "international boundary" means the international boundary between the United States of America and Canada as established by existing treaties;

(f) "International Section" means that part of the St. Lawrence River through which the international boundary

line runs and which extends from Tibbetts Point at the outlet of Lake Ontario to the village of St. Regis at the head of Lake St. Francis;

(g) "Canadian Section" means that part of the St. Lawrence River which lies wholly within Canada and which extends from the easterly limit of the international section to the Montreal Harbor;

(h) "Thousand Islands Section" means the westerly portion of the international section extending from Tibbetts Point to Chimney Point;

(i) "International Rapids Section" means the easterly portion of the international section extending from Chimney Point to the village of St. Regis;

(j) "Governments" means the Government of the United States of America and the Government of the Dominion of Canada;

(k) "countries" means the United States of America and Canada.

ARTICLE 1

With respect to works in the International Section, Canada agrees, in accordance with the project described in the final report of the Joint Board of Engineers,

(a) to construct, operate and maintain the works in the Thousand Islands Section below Oak Point;

(b) to construct, operate and maintain a side canal with lock opposite Chrysler Island;

(c) to construct the works required for rehabilitation on the Canadian side of the international boundary.

ARTICLE 2

With respect to works in the International Section, the United States agrees, in accordance with the project described in the final report of the Joint Board of Engineers,

(a) to construct, operate and maintain the works in the Thousand Islands Section above Oak Point;

(b) to construct, operate and maintain a side canal with locks opposite Barnhart Island;

(c) to construct the works required for rehabilitation on the United States side of the international boundary.

ARTICLE 3

The High Contracting Parties agree to establish and maintain a temporary St. Lawrence International Rapids Section Commission, hereinafter referred to as the Commission, consisting of ten members, five to be appointed by each Government, and to empower it to construct the works in the International Rapids Section included in the project described in the final report of the Joint Board of Engineers (not included in the works provided for in Articles I and II hereof, and excluding the power house superstructures, machinery and equipment required for the development of power) with such modifications as may be agreed upon by the Governments, out of funds which the United States hereby undertakes to furnish as required by the progress of the works, and subject to the following provisions:

(a) that the Commission, in accordance with the provisions of Schedule A, attached to and made a part of this Treaty, shall be given the powers that are necessary to enable it to construct the assigned works;

(b) that, in so far as is possible in respect to the works to be constructed by the Commission, the parts thereof within Canadian territory, or an equivalent proportion of the total of the works, shall be executed by Canadian engineers and Canadian labor and with Canadian material; and, in so far as is possible, the remaining works shall be executed by United States engineers and United States labor and with United States material; and the duty of carrying out this division shall rest with the Commission;

(c) that the Parties may arrange for construction, in their respective territories, of such power house superstructures, machinery and equipment as may be desired for the development of waterpower;

(d) that, notwithstanding the provisions of Article IX, the Commission shall be responsible for any damage or injury to persons or property resulting from construction of the works by the Commission, or from maintenance or operation during the construction period;

(e) that, upon completion of the works provided for in this Article, the Parties shall maintain and operate the parts of the works situate in their respective territories.

ARTICLE 4

The High Contracting Parties agree:

(a) that the quantity of water utilized during any daily period for the production of power on either side of the international boundary in the International Rapids Section shall not exceed one-half of the flow of water available for that purpose during such period;

(b) that, during the construction and upon the completion of the works provided for in Article III, the flow of water out of Lake Ontario into the St. Lawrence River shall be controlled and the flow of water through the International Section shall be regulated so that the navigable depths of water for shipping in the Harbor of Montreal and throughout the navigable channel of the St. Lawrence River below Montreal, as such depths now exist or may hereafter be increased by dredging or other harbor or channel improvements, shall not be lessened or otherwise injuriously affected.

ARTICLE 5

The High Contracting Parties agree that the construction of works under the present Treaty shall not confer upon either of the High Contracting Parties proprietary rights, or legislative, administrative or other jurisdiction in the territory of the other, and that the works constructed under the provisions of this Treaty shall constitute a part of the territory of the country in which they are situated.

ARTICLE 6

The High Contracting Parties agree that they may, within their own respective territories, proceed at any time to construct alternative canal and channel facilities for navigation in the International Section or in waters connecting the Great Lakes, and that they shall have the right to utilize for this purpose such water as may be necessary for the operation thereof.

ARTICLE 7

The High Contracting Parties agree that the rights of navigation accorded under the provisions of existing treaties between the United States of America and His Majesty shall be maintained, notwithstanding the provisions for termination contained in any of such treaties, and declare that these treaties confer upon the citizens of subjects and upon the ships, vessels and boats of each High Contracting Party, rights of navigation in the St. Lawrence River, and the Great Lakes System, including the canals now existing or which may hereafter be constructed.

ARTICLE 8

The High Contracting Parties, recognizing their common interest in the preservation of the levels of the Great Lakes System, agree:

(a) 1. that the diversion of water from the Great Lakes System, through the Chicago Drainage Canal, shall be reduced by December 31st, 1938, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21st, 1930;

2. in the event of the Government of the United States proposing, in order to meet an emergency, an increase in the permitted diversion of water and in the event that the Government of Canada takes exception to the proposed increase, the matter shall be submitted, for final decision, to an arbitral tribunal which shall be empowered to authorize, for such time and to such extent as is necessary to meet such emergency, an increase in the diversion of water beyond the limits set forth in the preceding sub-paragraph and to stipulate such compensatory provisions as it may deem just and equitable; the arbitral tribunal shall consist of three members, one to be appointed by each of the Governments, and the third, who will be the Chairman, to be selected by the Governments;

(b) that no diversion of water, other than the diversion referred to in paragraph (a) of this article, from the Great

Lakes System or from the International Section to another watershed shall hereafter be made except by authorization of the International Joint Commission;

(c) that each Government in its own territory shall measure the quantities of water which may at any point be diverted from or added to the Great Lakes System, and shall place the said measurements on record with the other Government semi-annually;

(d) that, in the event of diversions being made into the Great Lakes System from watersheds lying wholly within the borders of either country, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall, notwithstanding the provisions of Article IV (a), be vested in the country diverting such waters, and the quantity of water so diverted shall be at all times available to that country for use for power below the point of diversion, so long as it constitutes a part of boundary waters;

(e) that compensation works in the Niagara and St. Clair Rivers, designed to restore and maintain the lake levels to their natural range, shall be undertaken at the cost of the United States as regards compensation for the diversion through the Chicago Drainage Canal, and at the cost of Canada as regards the diversion for power purposes, other than power used in the operation of the Welland Canals; the compensation works shall be subject to adjustment and alteration from time to time as may be necessary, and as may be mutually agreed upon by the Governments, to meet any changes effected in accordance with the provisions of this Article in the water supply of the Great Lakes System above the said works, and the cost of such adjustment and alteration shall be borne by the Party effecting such change in water supply.

ARTICLE 9

The High Contracting Parties agree:

(a) that each Party is hereby released from responsibility for any damage or injury to persons or property in the territory of the other, which may be caused by any action authorized or provided for by this Treaty;

(b) that they will severally assume responsibility and expense for the acquisition of any lands or interests in land in their respective territories which may be necessary to give effect to the provisions of this Treaty.

ARTICLE 10

This Treaty shall be ratified in accordance with the constitutional methods of the High Contracting Parties. The ratifications shall be exchanged in Washington or in Ottawa as soon as practicable and the Treaty shall come into force on the day of the exchange of ratifications.

In faith whereof the respective plenipotentiaries have signed this Treaty in duplicate and have hereunto affixed their seals.

Done at the city of Washington the eighteenth day of July in the year of our Lord one thousand nine hundred and thirty-two.

[SEAL]

HENRY L. STIMSON

[SEAL]

W. D. HERRIDGE

SCHEDULE A

ST. LAWRENCE INTERNATIONAL RAPIDS SECTION COMMISSION

(a) The Commission, established under the provisions of Article III of this Treaty, shall function solely as an international commission established under, and controlled by, the terms of this Treaty. It shall not be subject, generally, to the legislative, to the executive or, except as hereinafter provided, to the judicial authorities in either country, but it shall be subject to this and to any subsequent agreement.

(b) The modifications referred to in Article III of this Treaty shall be regarded as effective when confirmed by an exchange of notes by the Governments.

(c) The Commission shall have power to establish orders, rules or by-laws, and such orders, rules or by-laws, together with any amendments, modifications or repeals thereof, shall be effective on confirmation by an exchange of notes by the Governments.

(d) The Governments shall be entitled to inspect the plans, proposals or works under construction, and to inspect and audit the books and other records of the Commission.

(e) In order to enable the Commission effectively to perform the duties imposed upon it by this Treaty, it is agreed that the appropriate authorities in the countries will take such action as may be necessary to confer upon the Commission the following capacities, powers and liabilities:

1. all such specific capacities, powers and liabilities as are reasonably ancillary to the establishment of the Commission and the duties and functions imposed upon it by this Treaty; the subsequently enumerated capacities, powers and liabilities are not intended to restrict the generality of this clause;
2. the capacity to contract, to sue and be sued in the name of the Commission;

3. freedom from liability for the members of the Commission for the acts and liabilities of the Commission and, conversely, a general responsibility of the Commission for the acts of itself, its employees and agents, in the same manner as if the Commission were a body corporate, incorporated under the laws of either of the countries;

4. the power to obtain the services of engineers, lawyers, agents and employees generally;

5. the power to make the necessary arrangements for Workmen's Compensation either directly or with the appropriate authorities or agents in either country, so as to insure to workmen and their families rights of compensation equivalent to those which they would ordinarily receive in the Province of Ontario in respect to the parts of the works within Canadian territory, or the equivalent works as referred to in Article III (b) of this Treaty, or in the State of New York in respect to the remaining works.

(f) The Commission shall be subject to the jurisdiction of the Federal Courts of the two countries, respectively, that is to say, in respect to all questions arising out of the part of the works within Canadian territory or the equivalent works, as referred to in Article III (b) of this Treaty, the Commission shall be subject to the jurisdiction of the Exchequer Court of Canada, and, in respect to the remaining works, to the jurisdiction of the Federal Courts of first instance in the United States; and there shall also be established rights of appeal, analogous to the appeals in similar matters from the respective courts to the appropriate tribunals in the respective countries: provided, however, that in respect of a claim made upon the Commission exceeding in amount the sum of fifty thousand dollars (\$50,000), either of the Governments, at any time after such claim has been tried and judgment entered in the appropriate court of first instance herein provided for, may cause the matter to be referred by way of appeal to an arbitral tribunal. Such reference shall be effected by notice from the Government invoking this proviso to the other Government and to the Court, given within ninety days of the entry of such judgment, and such notice shall give to the tribunal jurisdiction over the appeal, or cause any appeal already taken to be transferred to the tribunal. The tribunal shall consist of three members, all of whom must hold, or have held, high judicial office. One shall be appointed by each Government, and the third shall be selected by the two members so appointed; or, in the event of failure to agree, by the Governments jointly. The tribunal so established shall then have, in respect to such claim, exclusive final jurisdiction and its findings shall be binding upon the Commission.

(g) In view of the need for coordination of the work undertaken by the Commission and the development of power in the respective countries, the Commission shall have authority:

1. to make contracts with any agency in either country, which may be authorized to develop power in the International Section, for the engineering services necessary for the designing and construction of the power works;

2. to defer such parts of the power works as need to be constructed in conjunction with the installation of power house machinery and equipment, and to make contracts with any agency in either country, which may be author-

ized to develop power, for constructing such deferred parts of the power works.

(h) The remuneration, general expenses, and all other expenses of the members of the Commission shall be regulated and paid by their respective Governments and all other expenses of the Commission shall be defrayed out of the funds provided under the terms of Article III of this Treaty.

(i) The Governments agree:

1. to permit the entry into their respective countries within the area immediately adjacent to the International Section, to be delimited by an exchange of notes by the Governments, of personnel employed by the Commission, and to exempt such personnel from their immigration laws and regulations within such area;

2. to exempt from customs duties, excise or sales taxes, or other imposts, all supplies and material purchased by the Commission in either country for its own use.

(j) The Commission shall continue until its duties under Article III of this Treaty have been completely performed. The Governments may, at any time, reduce its numbers, provided that there must remain an even number of members with the same number appointed by each Government. Upon completion, arrangements will be made for the termination of the Commission and the bringing to an end of its organization by agreement between the Governments.

DUMPING OF ANTHRACITE COAL ON AMERICAN MARKET

Mr. DAVIS. Mr. President, a constituent has sent me a newspaper clipping from the New York American, which is very short and which I should like to read:

FOREIGN COAL DUMPING KEEPING MINERS IDLE

NEW YORK, January 16.—Although Congress fixed a tariff of \$2 a ton on coal, depreciated currencies abroad have overcome the barrier and hard coal is again being dumped on the American market, the Anthracite Institute announced to-day in a review of 1932.

"As a result," the review said, "6,400 miners were idle in Pennsylvania, and American coal production registered another decline. Moreover, tariff barriers erected against American coal have caused the unemployment of another 1,000 miners and 200 railroad workers."

I am interested in anthracite coal, which is specifically mentioned in the news item, because it is a major industry in my State.

When interviewed by the press last Saturday, Mr. President, I said that it will be necessary to have an absolute embargo on foreign competitive products coming to the United States because the depreciation of currencies abroad is having a ruinous effect on American industry. We are constantly thinking in terms of a foreign market, and not of our own market, and it reminds me of the story of the young boy and his father who went out berry picking. They arrived at the berry patch. On one bush was enough to fill the pails; the father selected one bush and began to pick and in a short time had his bucket filled. He called the boy to start for home, but when he came to his father his bucket was half filled. The father said, "Son, you have been running around from bush to bush. There is enough on that bush to fill your bucket, and if you will just concentrate on that one bush, your bucket will be filled."

So, Mr. President, it seems to me that we should concentrate on reviving the American market through the purchase of American-made goods and thus give American industry, labor, and commerce every possible help in reviving the home market.

Again I ask, what will it profit us if we permit wholesale importation of foreign competitive products made by cheap labor, paid by debased currency, to flood the American market and only swell the flood of unemployed?

TAX EXEMPTION OF INAUGURAL ADMISSION TICKETS

Mr. ROBINSON of Arkansas. Mr. President, I ask the Chair to lay before the Senate House Joint Resolution 559, coming over from the House of Representatives.

The VICE PRESIDENT. The Chair lays before the Senate a joint resolution, which will be read.

The Chief Clerk read the joint resolution (H. J. Res. 559) to exempt from the tax on admissions amounts paid for admission tickets sold by authority of the committee on inaugural ceremonies on the occasion of the inauguration of the President elect in March, 1933, as follows:

Resolved, etc., That all amounts paid for admission tickets sold by authority of the committee on inaugural ceremonies of the inauguration of the President elect in March, 1933, shall be exempt from the tax on admissions imposed by section 500 of the revenue act of 1926, as amended, all the net proceeds from the sale of said tickets to be donated by the said committee to charity.

Mr. ROBINSON of Arkansas. I ask unanimous consent for the immediate consideration of the resolution.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBINSON of Arkansas. Mr. President, I should like to have printed in the RECORD a letter from the Treasury Department relating to the joint resolution.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE TREASURY,
Washington, January 13, 1933.

LESLIE C. GARNETT, Esq.,

Chairman Legislative Committee, Inaugural Committee,
Washington, D. C.

DEAR MR. GARNETT: I have your letter of January 13, 1933, inclosing copy of proposed joint resolution to exempt from the admissions tax all tickets sold by authority of the committee on inaugural ceremonies on the occasion of the inauguration of the President elect on March 4, 1933. For the purpose of clarity a redraft of the resolution has been prepared, which I inclose herewith. The Treasury Department will interpose no objection to the adoption of the proposed joint resolution in the form attached.

Yours very truly,

OGDEN L. MILLS,
Secretary of the Treasury.

BIRTHDAY OF GEN. ROBERT E. LEE

Mr. FLETCHER. Mr. President, I ask to have printed in the RECORD a brief sketch of the life of Robert E. Lee, by Hal Paul Phillips.

There being no objection, the matter was ordered to be printed in the RECORD as follows:

A BRIEF SKETCH OF THE LIFE OF ROBERT E. LEE By Hal Paul Phillips

Robert E. Lee, fourth son of General Henry Lee (known in history as "Light Horse Harry" Lee), and the third son of Anne Carter, his second wife, was born January 19, 1807, at Stratford, Westmoreland County, Virginia—about a mile from the south bank of the Potomac River.

As a youth, as a young man, and all through life he was an ardent admirer of Gen. George Washington, and it is said one could not fail to note the strong resemblance of his character in its strength, its poise, and its rounded completeness to that of Washington.

In 1825, at the age of 18, he entered West Point as one of Virginia's representatives. It is said that Andrew Jackson, then United States Senator from Tennessee, to whom he applied in person, was responsible for his appointment to the academy.

In a class of 46 Lee graduated second with the extraordinary distinction of not having received a demerit. He and Joseph E. Johnston entered the academy as classmates and here a friendship was formed that was never impaired.

June 30, 1831, he married Miss Mary Parke Custis, granddaughter of General Washington's stepson. Seven children were born to them, all of whom grew up—two adopted the profession of arms and rose to the rank of major general in the Confederate Army.

After graduating from the Military Academy he was assigned to the engineers. His first service was in Virginia, where he was engaged on seacoast defense, an experience greatly helpful later on when he was called to construct coast defenses of the Carolinas.

When the bloody negro uprising known as the "Nat Turner rebellion" occurred, he was stationed near by at Fortress Monroe. The important mission of quelling this rebellion—in which he succeeded—was intrusted to him.

In 1834 he was assigned to Washington as assistant to the Chief Engineer of the Army; in 1836 he was promoted to the rank of first lieutenant and in 1838 to the rank of captain.

When the Mississippi River, owing to a gradual change in its banks, threatened the city of St. Louis, he was sent by General Scott to take charge, and although the city withdrew its appropriation because of his methodical way, the young engineer succeeded.

In 1842 he was assigned to Fort Hamilton, where for several years he was engaged in improving defenses of New York Harbor. Two years later he was appointed on Board of Visitors of the

United States Military Academy. His efficient service thereon prepared him for the position of superintendent of the academy later on—1852.

During the Mexican War Lee, starting in as an engineer officer on the staff of General Wool, achieved more renown than any other soldier of his rank, and possibly more than any other officer in the army of invasion except the Commander in Chief. He became General Scott's chief of staff, and between the two was cemented a friendship which even the Civil War could not destroy. His scouts and reconnaissances at Cerro Gordo, Contreras, Churubusco, and Chapultepec brought him the brevets of major at Cerro Gordo April 18, 1847, of lieutenant colonel at Contreras and Churubusco, and of colonel at Chapultepec September 13. General Scott declared that he was the "very best soldier he ever saw in the field."

Such, in brief, was Col. Robert E. Lee when at the age of 54 he found the storm of Civil War on the verge of bursting upon the country.

April 17, 1861, Virginia seceded from the Union; and three days later, April 20, Colonel Lee resigned his commission in the United States Army. To his sister, whose husband and son espoused the Union cause, he wrote: "With all my devotion to the Union and the feeling of loyalty and duty of an American citizen, I have not been able to make up my mind to raise my hand against my relatives, my children, my home. I have, therefore, resigned my commission in the Army; and save in defense of my native State, with the sincere hope that my poor services may never be needed, I hope I may never be called on to draw my sword."

As he wrote his son April 5, 1852: "Do your duty in all things like the old Puritan. You can not do more; you should never wish to do less. Duty is, then, the sublimest word in our language." So for four years he followed duty with the constancy of the northern star.

"Of whose true, fixed, and lasting quality,
There is no fellow in the firmament."

After the war, although tendered positions carrying with them large salaries, General Lee accepted the presidency of Washington College at a salary of \$1,500 a year—October 2, 1865.

At the age of 63, October 12, 1870, General Lee passed away and was buried in the little mountain town of Lexington, in the valley of Virginia, where he lived and where he died.

"A prince once said of a monarch slain,
'Taller he seems in death.'"

THE EVERGLADES NATIONAL PARK PROJECT

Mr. FLETCHER. Mr. President, I ask to have printed in the RECORD an article appearing in the Florida Times-Union of January 15, 1933, respecting the Everglades National Park project.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE EVERGLADES NATIONAL PARK PROJECT

The Everglades National Park project is now generally accepted in official Washington as an ultimate reality, according to Ernest F. Coe, chairman of Everglades National Park Association, that so untiringly and for so many years has devoted commendable efforts to securing for Florida this exceedingly important asset, one that will be thoroughly appreciated by the people of this State as also by millions of others to be attracted here in oncoming years to enjoy a great natural park of unusual beauty and attractiveness.

Acceptance by official Washington of this proposed Everglades National Park project as an ultimate reality, however, is insufficient for procurement of this great and important asset for the State of Florida and the world at large. The approval of the Congress and of the Chief Executive of the Nation is necessary in order to make the dream and the hope of millions of people come true. Such approval is awaited with more than usual interest. The sincere hope of the present is that the necessary consent of the Congress now in session for the creation and permanent establishment of this park in Florida, as well as the consent of the President, will be secured before adjournment on March 4, next.

The Senate already has given its approval of this park project. It needs only the approval of the House and formal approval by the President to bring about that which so ardently is desired by millions of people. The final steps for making the Everglades National Park project a reality can be taken in a very few minutes, once the House can be brought to act; the President's favorable action is practically assured.

Hence the present very great need to urge action by the House, notwithstanding that so very many other matters claim its attention. Such urging, it is believed, the Florida Members of the House will put forth at this time in order that consummation of a most worthy purpose will be achieved. They will be greatly aided, however, if the people of this State in considerable number, by telegram, letter, or personal appeal, will back them up in their efforts to have the Everglades National Park bill finally adopted. The purpose of this Florida national park bill is thoroughly understood by every Member of the House and the project has their approval generally, it is understood. All that is required, therefore, is to find the time to give final approval of the bill now pending. Tactful proceeding, there is reason to believe, will bring definite and desired results.

VICTOR PARRAVICINO

Mr. COPELAND. Mr. President—

Mr. FESS. I yield to the Senator from New York.

Mr. COPELAND. I call the attention of the Senate to an injustice done a citizen of my State by a former American consul at Barbados. I exchanged letters with the State Department with reference to the matter and desire to include them in the RECORD.

At this time I wish to express my appreciation of the manner in which the State Department handled the situation. The thorough investigation made disclosed the incorrectness of the consul's report and the real facts as respects the reputation of Mr. Parravicino. It resulted also in removing the cause of the uncalled-for trouble.

I ask that the letters be printed in connection with my remarks.

The VICE PRESIDENT. Is there objection?

The Chair hears none, and it is so ordered.

The letters are as follows:

NEW YORK, N. Y., June 15, 1932.

Hon. ROYAL S. COPELAND,

Senate Office Building, Washington, D. C.

DEAR SENATOR COPELAND: I am an American-born citizen—in fact, I was born in your city of New York.

I have been engaged in business in Barbados for the past 24 years. I am honorary consul for Italy, Portugal, Santo Domingo, and Paraguay, and besides which I represent various American houses in Barbados and in other islands; and am pleased to say that my character and reputation during my entire business period I consider has been a credit to the American Nation.

About three years ago Mr. William W. Brunswick was appointed consul for the United States of America at Barbados. On his arrival there he remained for about four months at the Hotel Windsor, which hotel I happen to own. After four months Mr. Brunswick left, and the manager of the hotel told me that Mr. Brunswick had applied for reduced rates, and, because it was impossible to reduce the rates, he left.

I am also half owner of the Barbados Aquatic Club, which is a seaside club. Mr. Brunswick and his wife came to the club repeatedly without being members, and eventually the secretary of the club, who lives on the premises, stopped them and told them it was against the rules for anyone to be in the club who was not a member; and eventually Mr. Brunswick did join the club. I personally have never had any conversation with Mr. Brunswick.

On the 20th of April of last year I was coming to New York on business, and, as my date for reregistering by the American consul was the 18th of May, I went into the consulate and told the clerk there that my date of reregistering was the 18th of May, but as I would not be there, as I was leaving on the 29th for New York, that I wanted to reregister that day, which I did do; and at that time I knew that Mr. Brunswick was to be moved to Portugal—and, in fact, he is now in the consulate at Lisbon, Portugal.

During that visit in the States I interviewed several houses on business, as I usually do, and also several new connections; and I arrived at Barbados on my return on the 5th of July.

By sheer coincidence, one of the houses, with whom I have made arrangements to represent in Barbados, advised me before leaving New York that they would forward me samples and prices by first mail, but I heard nothing from them, and on the 22d of July I got a letter from my sister, who happens to work with this firm, in which she writes to advise me that she heard one partner say to the other, "Did you send Parravicino the samples yet? If you have not done so, I would advise not sending same, as I have before me a Government report that does not speak favorably of him," and, of course, on this account I have never heard a word from this firm up to to-day.

I immediately interviewed the new consul, who was taking the place of Mr. Brunswick, Consul J. C. Dorr, and I asked him to at once get in touch with the three banks and with the leading business houses of the island and asked him to forward a report to Washington immediately, as his predecessor had sent in a very defamatory report regarding me. I advised him at the same time that a report of this kind would do me no end of damage as regards my character and business, and that I was leaving immediately for Washington to have this matter attended to.

I arrived at Washington August 8, and presented to Mr. Byington a letter handed me by the consul at Barbados, and attached I beg to hand you copy of this letter No. 1. I am also handed by the consul a letter, copy attached, No. 2, and on the 8th I called on Mr. Byington. He tells me that he is very sorry about this affair and if I will call him at his office on Monday.

On Monday I again returned to his office and he took me up to the commercial office of the Department of State, and I was asked not to deliver my letter No. 2, but that the commercial office of the Department of State would see that a revised report, as per report sent in by Consul Dorr, would be immediately forwarded to parties, with whom I was doing business, and that I would hear further from them.

I waited there until the following Tuesday, the 18th, and not having heard anything further, I again returned to Mr. Byington's office. I saw there a Mr. Stewart, who advised me that Mr. Byington was away for the week-end and would be returning the following day. I said I would see him the following day. I went in on the following day to Mr. Byington to see what could be done. Well, he told me he had done all he could do, and that he would discipline Consul Brunswick. I told him I didn't see how this was going to help me in any way, as through the act of Consul Brunswick, who was a servant of the Department of State, I was placed to the inconvenience and loss of having to leave my business plus the expense of having to come here to endeavor to have my reputation and character put right through a malicious act of their servant. Well, he put me off with the fact that he could not do anything.

On the following day I was determined to have some kind of hearing or justice in some way, and I went to the office of Mr. Castle, the Acting Secretary of State. I interviewed his secretary, who told me that Mr. Castle was out at the moment, but that he would ring me at my hotel and let me know when Mr. Castle could make an appointment. He telephoned me at my hotel at 5.30 in the evening, telling me that Mr. Castle could not grant me an appointment, that Mr. Byington already had taken care of the matter, and that if I were not satisfied he would refer me back to Mr. Byington.

On the following morning I went again to the office of Mr. Castle and again saw his secretary. He told me that I must go back to Mr. Byington, and on this occasion Mr. Byington takes me up to the legal adviser of the Department of State, and I have a long talk with this party, whose name I understood to be Mr. Mitzka, and he left me there with him. I told Mr. Mitzka my entire story, and he agreed with me that I had been done a gross damage by the servant of the Department of State, but went on to say that I certainly should have some redress, but that the department could not do anything except by special appropriation by Congress.

The fact remains that between seeing one party and another, I remained in Washington for about three weeks, and at the request of the Department of State I do not present letter No. 2 to the Department of Commerce.

Now as I see this matter, I have been maliciously wronged by Consul Brunswick in his capacity as servant of the State Department. He has tried to take from me my character and reputation, which are things that can not be bought. I do not know how far-reaching the injury has been done to me as regards my business connections. I have been forced to leave my business in Barbados and come up here. I have been forced to incur considerable expenditure in doing so, and I do feel that there must be some justice somewhere.

I do not see how this man can use his office as a servant of the Department of State to maliciously start out to do me an injury of this kind. I attach to this letter document No. 3, which was a report sent out by the Department of Commerce based on the report sent in by Consul Brunswick under date of the 29th of April, 1931. I also attach document No. 4, which was sent out by the Department of Commerce based on report sent in by Consul Dorr under date of the 28th of July, 1931, and I am sure you will readily see what injury this document No. 3 has done to me. I now ask if you will use your good offices in endeavoring to see that some justice is dispensed to me.

During the past month I have been in New York and have been engaged almost continuously in attempting to get some relief from the State Department. I have made one trip to Washington, but without success.

My address in New York is: In care Quaker Oats Co., 17 Battery Place, New York City.

Assuring you of my appreciation of anything you may be able to do for me, and with best wishes, I am
Respectfully,

VICTOR PARRAVICINO.

Report on: V. Parravicino.
Address: Bridgetown, Barbados, British West Indies.
Classes of goods and character: Steamship agent, importer, wholesaler and retailer of foodstuffs.
Language of correspondence: English.
Code address: Parravicino.
Code used: All modern codes.
Buys chiefly: Domestic —; Foreign: United States, 25 per cent; Canada, 75 per cent.
Imports on: Commission.
Organization: Individual.
Established: 1908, Barbados.
Representatives in United States: None.
Financial references: Canadian Bank of Commerce.
Stated capital: \$10,000.
Number of employees: Two.
Date of this report: April 29, 1931.
Relative size of concern: Medium.
Managers or partners: V. Parravicino, age 49, American citizen.
Capital stock controlled by: V. Parravicino.
Stock and plant protected by insurance: \$1,000.
General reputation: Reported to bear a poor reputation.
Report on: V. Parravicino.
Address: Bridgetown, Barbados.
Classes of goods and character of business: Importer, wholesale and commission merchant handling foodstuffs and dry goods.
Exporter of sugar.

Language of correspondence: Spanish, French, English, Italian.
Code address: Parravicino.
Code used: All codes.
Buys chiefly: Foreign—United States 75 per cent, Canada 25 per cent.

Imports on: Own account, yes; commission, yes.
Organization: Individual.
Established: 1908 Barbados.
Branch houses: None.
Traveling representatives: Two covering the West Indies.
Representatives in United States: None.
Financial references: Canadian Bank of Commerce; the Royal Bank of Canada; and Barclay's Bank; the Quaker Oats Co., 17 Battery Place; R. C. Williams & Co. (Inc.), Tenth Avenue and Twenty-fifth Street.

Stated available capital: \$70,000.
Annual sales: \$200,000 normal.
Stated paid-in capital: \$50,000.
Number of employees: Five.
Date of this report: July 28, 1931.
Relative size of concern: Large.
Manager or partners: None.
General reputation: Reported to be excellent.
Insurance: £200,000 open cover insurance, of which £100,000 is against fire and £100,000 is against hurricane.

It is reported that: The subject owns the Hotel Windsor and is copartner in two clubs. He is also consul for Italy, Portugal, Santo Domingo, and Paraguay.

DEPARTMENT OF STATE,
Washington, June 25, 1932.

The Hon. ROYAL S. COPELAND,
United States Senate.

MY DEAR SENATOR COPELAND: I have your letter of June 22 inclosing a communication of June 15 from Mr. Victor Parravicino, care of the Quaker Oats Co., 17 Battery Place, New York City, and requesting my comments upon it.

The facts are that Mr. William W. Brunswick, consul at Barbados, made a report upon the local reputation and business standing of Mr. Parravicino in Barbados for the use of the Department of Commerce. Upon request for information in regard to Mr. Parravicino, the nature of that report was communicated to several business firms. Mr. Parravicino learned of the report, protested that it was incorrect and due to personal difficulties between him and Consul Brunswick. Investigation by the department revealed that the report was incorrect and it was replaced in the files of the Department of Commerce by a correct statement of the facts, and they were communicated also to all of the persons who had been apprised of the nature of Mr. Brunswick's report. In other words, this department and the Department of Commerce endeavored, and it is believed they succeeded, in removing the harmful effects of the report made by Mr. Brunswick. Mr. Parravicino requested the department to indemnify him for expenses which he says he incurred in coming to Washington to take up this matter and obtain a correction of it, and also to take disciplinary action against Consul Brunswick who made the original report. He was informed that while the department had endeavored and believed it had succeeded in repairing any damage to his commercial reputation arising from the erroneous report submitted by Mr. Brunswick, it was without any means of reimbursing any expense which he had necessarily incurred in connection with the matter, but that under the law he could, if he saw fit, bring suit against Mr. Brunswick and his bondsmen for such damages as he might wish to claim.

In relation to his request that disciplinary action be taken with respect to Mr. Brunswick, he was informed that that is a matter which the department must deal with according to the facts and that Mr. Brunswick had been ordered to appear before the Foreign Service Personnel Board for the purpose of explaining his conduct and making it possible for the department to determine the action to be taken in regard to it.

Sincerely yours,

H. L. STIMSON.

DEPARTMENT OF STATE,
Washington August 20, 1932.

The Hon. ROYAL S. COPELAND,
United States Senate.

MY DEAR SENATOR COPELAND: In the absence of the Secretary your letter of July 30, 1932, concerning Mr. William W. Brunswick, has been referred to me, and in reply I may say that in a communication dated August 17, 1932, Mr. Brunswick was informed of his retirement as a Foreign Service officer because of physical disability.

Sincerely yours,

W. R. CASTLE, Acting Secretary.

LAKE CHAMPLAIN BRIDGE

The VICE PRESIDENT laid before the Senate the amendments of the House to the bill (S. 5059) to extend the time for completion of a bridge across Lake Champlain at or near Rouses Point, N. Y., and a point at or near Alburgh, Vt., which were, on page 1, line 8, after "1929," to insert "heretofore extended by act of Congress approved April 19,

1930," and to amend the title so as to read, "An act to extend the time for completing the construction of a bridge across Lake Champlain at or near Rouses Point, N. Y., and a point at or near Alburgh, Vt."

Mr. AUSTIN. I move that the Senate concur in the amendments of the House.

Mr. LONG. Mr. President, is this a bridge bill?

The VICE PRESIDENT. It is a bridge bill.

Mr. LONG. I do not see why that should be taken up. We ought to have a regular morning hour here some time soon, anyway.

The VICE PRESIDENT. This is a privileged matter that the Chair can lay down. The question is on agreeing to the amendments of the House.

The amendments were agreed to.

SURVEY OF GREEN RIVER, WASH.

Mr. GRAMMER. Mr. President, earlier in the day I reported out from the Commerce Committee a bill for which I now ask consideration.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington?

Mr. LONG. Mr. President, I do not know what the bill is. I have some small matters on the calendar that I can not get up. I do not want to be unkind to the Senator from Washington.

Mr. GRAMMER. Mr. President, in order that the Senator may understand what the bill is I will state that it is an authorization to the War Department to make a reconnaissance of flood control in the State of Washington.

The VICE PRESIDENT. The bill will be read for the information of the Senate.

The Chief Clerk read the bill (H. R. 11930) to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. MOSES. Mr. President—

Mr. TRAMMELL. Mr. President, at the last session of Congress I think there was a pretty positive declaration of policy in dealing with these survey items, to the effect that they would have to go into the river and harbor bill. I know nothing about this measure. It may be entirely meritorious.

The VICE PRESIDENT. No appropriation is asked for.

Mr. TRAMMELL. I know; these bills ordinarily do not call for appropriations; but if we are to have piecemeal river and harbor items in independent bills, I have a good many survey items in Florida that I desire to bring to the attention of the Senate and Congress.

I do not like to oppose anything the Senator from Washington wants, but I think this matter had better go over for further consideration.

The VICE PRESIDENT. Objection is made.

RECESS

Mr. FESS. Mr. President, I move that the Senate take a recess until 12 o'clock noon to-morrow.

Mr. MOSES. Mr. President, just a minute. Why recess when there is pressing business before the Senate?

The VICE PRESIDENT. The question is on the motion of the Senator from Ohio.

The motion was agreed to; and (at 4 o'clock and 34 minutes p. m.) the Senate took a recess until to-morrow, Friday, January 20, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 19, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, open before us, more perfectly, the royal way of the soul; chiding ourselves, may we cherish good impulses, generous thoughts, and an upward-seeking desire for the flower of grace and the rich fruits of righteousness. Be gracious and give us Thy star to brighten our